

# Table of Contents

<b>FAST FACTS .....</b>	<b>2</b>
<b>BUDGET SUMMARY .....</b>	<b>13</b>
CAPITAL OUTLAY .....	18
LEGISLATION OF FISCAL INTEREST .....	19
K-12 EDUCATION.....	24
HIGHER EDUCATION .....	30
HEALTH AND SOCIAL SERVICES.....	35
<i>Medicaid.....</i>	<i>35</i>
<i>Office of Public Health.....</i>	<i>38</i>
<i>Office of Mental Health.....</i>	<i>38</i>
<i>Office of Citizens with Developmental Disabilities.....</i>	<i>39</i>
<i>Office of Alcohol and Drug Abuse .....</i>	<i>39</i>
<i>LSU Medical Center - Health Care Services Division .....</i>	<i>40</i>
<i>Social Services.....</i>	<i>40</i>
TRANSPORTATION.....	42
MILITARY AND VETERANS AFFAIRS.....	45
PUBLIC SAFETY AND CORRECTIONS .....	46
ECONOMIC DEVELOPMENT .....	49
TOURISM AND CULTURAL DEVELOPMENT .....	51
AGRICULTURE AND FORESTRY .....	53
OTHER GENERAL GOVERNMENT .....	54
<i>Executive Department .....</i>	<i>54</i>
<i>Division of Administration.....</i>	<i>54</i>
<i>Election Expense.....</i>	<i>55</i>
<i>Lieutenant Governor.....</i>	<i>55</i>
<i>Natural Resources.....</i>	<i>56</i>
<i>Environmental Quality.....</i>	<i>56</i>
<i>Labor.....</i>	<i>56</i>
<i>Wildlife and Fisheries .....</i>	<i>57</i>
<i>Local Officials .....</i>	<i>57</i>
<b>TOBACCO SETTLEMENT REVENUES .....</b>	<b>58</b>
<b>TERM HIGHLIGHTS.....</b>	<b>63</b>

---

## **FAST FACTS ON 1999 BUDGET ACTIONS**

---

### **OVERVIEW**

Major challenges in developing the FY99/00 budget were funding of the Medicaid program and the Minimum Foundation Program (MFP).

The Executive Budget Medicaid funding level would have required approximately \$150 million in program reductions and was also dependent on \$44.67 million in casino revenues which were subsequently designated as nonrecurring. The Executive Budget also included only \$50 million of the \$88 million required for full funding of the MFP.

The Legislature funded Medicaid through use of tobacco settlement revenues and other sources. The MFP was fully funded through addition of \$19 million in state funds and a change in the MFP formula which adjusted school system funding for a portion of the \$41 million in retirement contribution savings to be realized by local school systems next year.

### **Surplus Funds**

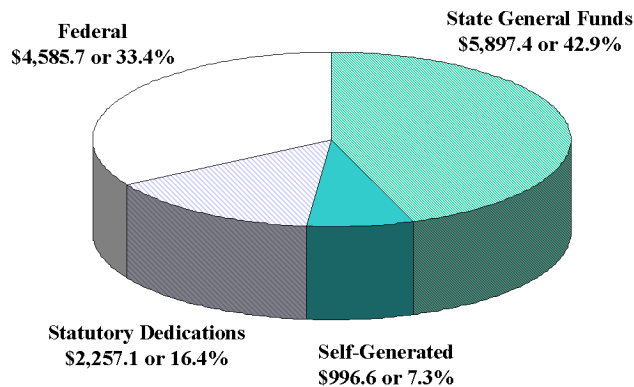
- The FY 97/98 surplus was \$94 million of which \$23.5 million was deposited in the Budget Stabilization Fund, \$20.3 million was used for cash capital outlay projects, and \$49.6 million was used to finance a three-year debt defeasance plan.
- Savings from the defeasance plan are \$32 million in FY 99/00, \$10.1 million in FY 00/01, and \$10.3 million in FY01/02, for a total savings of \$52.4 million.
- The FY 98/99 excess available funds of only \$9.8 million were used for supplemental spending needs, including \$2.1 million for state match for disaster funds and \$2.2 million to fund a shortfall in sheriffs' housing of state inmates.

### **FY 99/00 Budget**

- The official revenue forecast for FY 99/00 is \$6.125 billion which includes Tobacco Settlement Revenues. State General Fund and lottery proceed revenues total \$5.979 billion.
- For FY 99/00 State General Fund and Lottery revenue grows by only \$51 million, or 0.9%, compared to FY 98/99, the lowest revenue growth of the past four years.
- The Budget Stabilization Fund will receive \$50 million from surplus, tobacco, and casino funds, the first time deposits have been made to the fund.

- \$67 million in land-based casino proceeds were recognized by the Revenue Estimating Conference as nonrecurring. Approximately \$15 million will be deposited in the Budget Stabilization Fund. \$42 million was appropriated in the Capital Outlay bill for the Capitol Complex, higher education equipment, and Parish Transportation Fund.
- \$199 million in Tobacco Settlement Revenues were recognized of which \$43 million was designated as nonrecurring. \$10.75 million will be deposited in the Budget Stabilization Fund (25% of nonrecurring). The remainder was appropriated, primarily for health and education purposes.
- The total state budget for FY 99/00 is \$13.7 billion from the following Means of Financing:

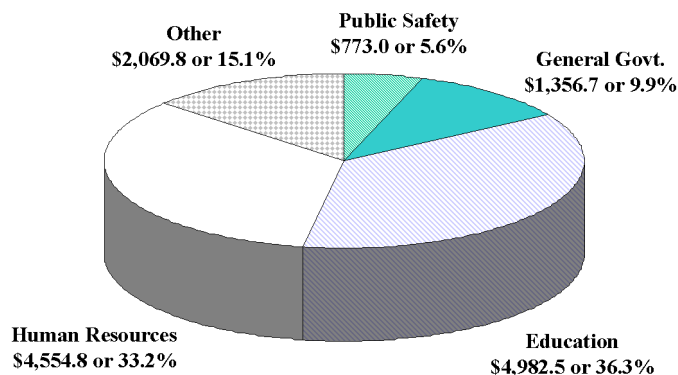
**Means of Financing = \$13,737**  
(In Millions of \$)



Total appropriations of \$13.7 billion are distributed among major functional areas as follows:

**Total Appropriations From All MOF**  
**Total = \$13,737**

(In Millions of \$)



## State Debt and Debt Service

- New debt sales have been limited to \$200 million or less per year since FY 93/94. Total outstanding debt of \$6.48 billion in 1993 has been reduced to \$2.81 billion.
- Annual debt service decreased from \$720 million in FY 93/94 to \$187 million in FY 99/00. Debt service will rise to \$319 million in FY 00/01 as the savings from previous defeasance plans decrease, but will still be below the 6% constitutional limit. It is now only 2.6% of state tax, license and fee revenue, compared to 13.1% in FY 93/94.

## Budget Growth

Total state spending from all Means of Financing increased from \$13.4 billion in FY 98/99 to \$13.7 billion in FY 99/00, an increase of 2.1%.

Total State General Fund and lottery proceeds spending changed little between FY 98/99 and FY 99/00, growing by only about \$50 million. Growth in spending resulted primarily from use in the budget of \$188 million in Tobacco Settlement Revenues and \$42 million in casino proceeds.

## Capital Outlay

The total capital outlay program for FY 99/00 is \$2,769.1 million. 37% is allocated to DOTD projects for highways, ports, airports, and flood control, 26% to other state projects, 19% for higher education institutions, and 18% for nonstate projects, financed as follows:

\$ 20.3 million	FY 97/98 Surplus
11.2 million	State General Fund
44.0 million	Federal Funds
407.0 million	Federal Transportation Trust Fund
273.4 million	Transportation Trust Fund and TIMED Cash
91.0 million	Other Statutory Dedications, Self-Generated Revenues, Reappropriated Cash
292.1 million	Revenue Bonds
22.3 million	Capitol Complex Master Plan Fund
39.0 million	Tobacco Settlement Fund
<b>\$ 1,200.3 million</b>	<b>Total Cash</b>
716.6 million	Priorities 1 and 2
212.4 million	Priorities 3 and 4
618.0 million	Priority 5
<b>\$ 1,547.0 million</b>	<b>Total Bonds</b>
21.8 million	NRP/RBP (previously sold proceeds and prepayment of reimbursement contracts)
<b>\$ 2,769.1 million</b>	<b>Grand Total</b>

## K-12 EDUCATION

<b>\$ 81.3 million</b>	Total funding for TOPS
<b>\$ 77.0 million</b>	Increased funding for the MFP to provide for full funding of the formula
<b>\$ 21.3 million</b>	Educational Accountability Initiatives, including testing (\$8.2 million), accountability assistance and data system (\$2.8 million), Distinguished Educators (\$1.6 million), and Remediation and Summer School (\$8.7 million)
<b>\$ 896,000</b>	School Leadership Program to develop education leaders
<b>\$ 20.0 million</b>	K-3 Reading and Math Initiatives
<b>\$ 14.0 million</b>	Classroom-based Technology from Tobacco Settlement Revenues
<b>\$ 5.0 million</b>	Starting Points Preschool Program (\$1.5 million from Tobacco Settlement Revenues)
<b>\$ 150,000</b>	School Finance Commission to study MFP
<b>\$ 1.9 million</b>	La. Educational Television Authority station transmitter and transmission line replacement and other infrastructure improvements
<b>\$ 400,000</b>	Loan to City of Baker School System for start-up costs
<b>\$ 27.9 million</b>	Non-public school educational assistance
<b>\$ 2.9 million</b>	Creation of Special School District #2 to serve adjudicated juveniles
<b>\$ 29.5 million</b>	Federal funds for Class Size Reduction Program
<b>\$ 5.0 million</b>	Federal funds for Reading Excellence Program
<b>\$ 1.7 million</b>	Federal funds for the Teacher Quality Enhancement Program

## HIGHER EDUCATION

<b>\$ 19.5 million</b>	Acquisitions for higher education institutions, including library and scientific equipment and technical college equipment
<b>\$ 16.5 million</b>	Funding enhancement for public higher education institutions
<b>\$ 16.0 million</b>	Faculty salary increases
<b>\$ 3.7 million</b>	Full implementation of pay plan for technical college instructors
<b>\$ 2.0 million</b>	Strategic faculty initiatives tied to economic development
<b>\$ 15.0 million</b>	Research grants for innovations in health care sciences funded by Tobacco Settlement Revenues
<b>\$ 10.0 million</b>	Endowed Chairs and professorships funded by Tobacco Settlement Revenues
<b>\$ 10.8 million</b>	Operating and capital outlay funding for new community colleges
<b>\$ 14.3 million</b>	Life-safety repairs and renovations and ADA compliance at higher education institutions
<b>\$ 1.5 million</b>	Distance Learning and Telemedicine Program for rural health care
<b>\$ 11.2 million</b>	Operating and capital outlay funding for specific economic development initiatives including genetics research initiative, La. Economic Development Foundation, and Northwest Biomedical Foundation

## HEALTH AND SOCIAL SERVICES

### Medicaid

**The Medicaid Budget should avoid major rate reductions or service restrictions in FY 1999-00.** Through a combination of \$86.8 million in Tobacco Settlement revenues and \$17.9 million from other funding sources, the Legislature restored \$353 million to the program. This funded 99% of DHH projected Medicaid spending. DHH has indicated that it can manage the remaining 1%, or about \$35 million, with only a minor impact on Medicaid clients or providers. The total Medicaid budget is \$3.37 billion, plus administration costs of \$133.6 million.

### Other Actions Affecting Medicaid

An additional \$14,660,000 from Tobacco Settlement Revenues supports specific Medicaid program activities, including LaCHIP and public provider payments.

The LSU/HCSO charity hospital system contributes \$7.2 million from its restricted accounts or overcollections to support the Medicaid budget generally and uncompensated care payments.

Rural Hospitals have protection against rate cuts during FY 1999-00 to help maintain their financial stability.

Reductions are required in hospital payments for dual eligible (Medicare and Medicaid) clients so the total payment does not exceed normal Medicaid payment amounts.

Reductions are required in the cost of drugs paid to retail pharmacy chains. Recent surveys indicate that acquisition costs are below what DHH currently pays.

### Medicaid Expansions

In addition to providing money for existing programs, the Legislature also approved and funded several expansions of Medicaid eligibility and care options. These include:

<b>\$ 13.0 million</b>	800 new MR/DD Waiver slots
<b>\$ 9.8 million</b>	TEFRA eligibility option for disabled children
<b>\$ 9.5 million</b>	Expansion of LaCHIP (children's insurance program) up to 150% of Federal Poverty Level, or \$26,052 for a family of four.
<b>\$ 337,000</b>	50 new Elderly/Disabled Waiver slots.
<b>\$22.4 million</b>	Inflationary adjustments for Nursing Homes and for private and state operated ICF/MR facilities.

### **Social Services**

<b>\$ 5.0 million</b>	Starting Points early childhood education program, \$1.5 million of which is state match financed with Tobacco Settlement revenues
<b>\$ 2.8 million</b>	Increases funding for the Vocational Rehabilitation program to address continuing budgetary shortfalls
<b>\$ 2.6 million</b>	Federal funds to upgrade the disability determinations unit computer system
<b>\$ 2.1 million</b>	Annualizes district attorney support enforcement activities begun in FY 98/99
<b>\$ 800,000</b>	State General Fund for additional services for the blind

### **Other**

<b>\$ 3.0 million</b>	Enhanced smoking reduction programs from Tobacco Settlement Revenues
<b>\$ 1.7 million</b>	Expansion of Home Nurse Visitation Program
<b>\$ 1.1 million</b>	Increased funding for school-based health clinics (\$5.1 million total)
<b>\$ 700,000</b>	Sickle cell anemia research and treatment
<b>\$ 6.1 million</b>	Federal funding increase for HIV/AIDS medications
<b>\$ 3.7 million</b>	Funding to prevent closure of 14 community mental health clinics from Tobacco Settlement Revenues
<b>\$ 7.2 million</b>	Funding to address Department of Justice concerns at Pinecrest, Hammond, and Metropolitan Developmental Centers
<b>\$ 320,000</b>	Ruston Developmental Center for a level of care increase
<b>\$ 1.0 million</b>	Expansion of drug court program (\$5.5 million total funding)
<b>\$ 548,000</b>	20-bed inpatient substance abuse treatment center in Lafayette

### **LSU Medical Center - Health Care Services Division**

<b>\$ 10.5 million</b>	Disease Management Initiative
<b>\$ 1.0 million</b>	Medical detoxification units - New Orleans (20 beds) and Shreveport (5 beds)
<b>\$ 500,000</b>	Funding of the Tumor Registry

## TRANSPORTATION

The principal factor affecting DOTD's operating budget is the increase in Federal Funds from the Transportation Act for the 21<sup>st</sup> Century (TEA-21). Some \$100 million in new federal highway money was incorporated in FY 98/99 and another \$54 million is added in FY 99/00.

- \$ **7.9 million** Addition of 112 positions (100 in highways area) to effectively use increased federal TEA-21 funds
- \$ **3.8 million** Additional funds for contract maintenance for mowing and litter removal. Contract maintenance work will total \$24.4 million in FY 99/00.
- \$ **1.5 million** Contracts for interstate rest area security officers.
- \$ **3.5 million** Funds for a 10.5% salary increase for Mobile Equipment Operator classes throughout the department.
- \$ **198,000** Gulf Coast High Speed Rail Corridor Study.

In the major state construction Priority Programs, DOTD will manage \$672 million in cash capital outlay for highways, the TIME Program, ports, flood control, and aviation projects funded as follows:

- \$**406.0 million** Highway Priority Program, including at least \$160,000,000 in Overlay projects.
- \$ **71.6 million** TIME Program, including starting 33 miles and completing 17 miles of TIME road projects.
- \$ **18.0 million** Port Construction and Development Priority Program, with new project starts not to exceed \$24,500,000.
- \$ **100,000** Statewide Flood Control Projects, with new project starts not to exceed \$10,000,000.
- \$ **4.0 million** State Aviation and Airport Improvement Program, with new project starts not to exceed \$5,100,000.

## MILITARY AFFAIRS AND VETERANS SERVICES

- \$ **9.5 million** State and federal funding for operation and maintenance of Hansen's Disease Control Center Carville Complex, including Carville Academy and Youth Challenge Program.
- \$ **18.5 million** Capital outlay funding of Military Department projects, including construction, renovation, and armory maintenance.
- \$ **50.2 million** Capital outlay funding for construction of three new War Veterans Homes.

## PUBLIC SAFETY AND CORRECTIONS

### Corrections

- \$ **4.5 million** Prison bed expansions at adult facilities
- \$ **4.9 million** Increase in juvenile corrections contract services
- \$ **21.4 million** Increased number of inmates under Sheriffs' Housing of State Inmates (2,444 increase to total of 15,254)
- \$ **5.6 million** Increase from \$22 to \$23 per diem for Sheriffs' Housing of State Inmates
- \$ **5.0 million** Federal funding for Violent Truth-in-Sentencing grant for construction and drug testing
- \$ **55.0 million** Capital Outlay funding for construction and renovations at state correctional facilities

### Public Safety

- \$ **2.6 million** Annualize state police pay increases implemented in FY 98/99
- \$ **2.0 million** Mobile Data terminals for State Police
- \$ **1.1 million** Land-based Casino Section enhancement (from Riverboat funds)
- \$ **1.2 million** Telephone Assistance Center in Office of Motor Vehicles (toll-free hotline)
- \$ **60.5 million** Capital Outlay funding for Public Safety Administration Complex and Training/Anti-terrorist Facility (\$55 million in Revenue Bonds)

## ECONOMIC DEVELOPMENT

\$ 15.4 million	State General Fund to support the U.S. Naval Information Technology Center at UNO, an increase of \$3.1 million
\$ 7.1 million	State General Fund to support the UNO/Avondale Maritime Center of Excellence, an increase of \$796,000
\$ 7.0 million	Capital Outlay and state funding for various technology-based initiatives and projects
\$ 5.0 million	Capital Outlay funding for Economic Development Award Program (EDAP)
\$ 327,400	State General Fund for the Economically Disadvantaged Business Development Program for 3 positions and technical assistance contracts
\$ 200,000	State General Fund for costs related to the department's reengineering to fulfill the goals of Vision 2020
\$ 1.8 million	State General Fund for local economic development activities in various areas across the state.

## TOURISM & CULTURAL DEVELOPMENT

\$ 600,000	Activities associated with remainder of Francofete tricentennial celebration
\$ 2.0 million	Louisiana Library Connection computer networking enhancements
\$ 1.5 million	State aid to public libraries
\$ 570,000	State Parks enhancements for opening of new facilities and upgrade of exhibits
\$ 350,000	Grants to small museums
\$ 75.0 million	Capital outlay funding for improvements of state parks, museums, and other tourist related projects

## AGRICULTURE AND FORESTRY

<b>\$ 28.7 million</b>	Funding for Boll Weevil Eradication (Also, \$8 million in State General Fund supports debt payments on the program loan)
<b>\$ 6.0 million</b>	Formosan Termite Initiative
<b>\$ 3.1 million</b>	Forest Productivity Program to increase timber production

## GENERAL GOVERNMENT

<b>\$ 3.0 million</b>	Rural Development for off-system bridges (tobacco settlement revenues)
<b>\$ 230,000</b>	Computers for Louisiana's Kids Program, a computer-recycling program working with schools and prisons
<b>\$ 6.1 million</b>	Implementation of ISIS Human Resources System
<b>\$103.0 million</b>	Capital Outlay funding for state office buildings including roofing, equipment replacement, hazardous material abatement, and Capitol Complex projects.
<b>\$ 750,000</b>	25 new Assistant District Attorneys
<b>\$ 47.0 million</b>	Workforce Development Training (\$3 million for administrative costs)
<b>\$ 24.0 million</b>	A second Welfare-to-Work grant to be expended upon approval of the Commissioner of Administration and the Budget Committee
<b>\$ 1.0 million</b>	Federal America Reads Challenge Grant
<b>\$ 3.8 million</b>	Statewide Presidential Preference Primary Election & other election expenses
<b>\$ 2.7 million</b>	Implementation of Atchafalaya Basin Program Master Plan
<b>\$ 3.0 million</b>	Capital outlay funding for state match of Municipal Facilities Revolving Loan
<b>\$ 2.0 million</b>	Capital outlay funding for State Match of Drinking Water Revolving Loan
<b>\$ 4.1 million</b>	Aquatic Weed Eradication Program
<b>\$ 373,000</b>	Salary increase for registrars of voters, chief deputies and confidential assistants
<b>Local Funds</b>	Pay increases for sheriffs (\$12,000), clerks of court (\$10,000), and assessors (\$10,000)

## BUDGET SUMMARY

---

Major challenges faced by the Legislature in developing the FY99/00 budget were the funding of the Medicaid program and the Minimum Foundation Program (MFP). The Executive Budget as presented to the Legislature included funding of a number of initiatives in higher education and addressed needs of state correctional facilities and local jails, but reduced state funding for Medicaid and did not fully fund the MFP.

- **Medicaid**

The funding level provided for Medicaid in the Executive Budget would have required approximately \$150 million in rate and service reductions. The budget also depended on \$44.67 million in state match financed by casino revenues which were not available due to their designation as nonrecurring revenues by the Revenue Estimating Conference. The Legislature ultimately used tobacco settlement revenues, additional statutory dedications, and hospital reserve funds to finance a Medicaid budget that funds 99% of projected needs.

- **MFP**

To reach the goal of fully funding the MFP during this term, \$88 million in additional funding was projected to be needed in FY 99/00. The Executive Budget included only \$50 million of this amount, leaving a \$38 million shortfall to achieve full funding. An agreement was reached by the Legislature, the Board of Elementary and Secondary Education (BESE), local school systems, and the administration by which the state provided \$19 million in additional funding made possible by debt defeasance, while BESE revised the MFP formula to adjust school system funding for a portion of the \$41 million in retirement contribution savings that will be realized by local school systems during next fiscal year. As a result, the MFP is now fully funded for the first time since adoption of the redesigned formula in 1992.

### Surplus Funds

The FY 97/98 surplus was \$94 million, of which \$23.5 million was placed in the Budget Stabilization (Rainy Day) Fund, \$20.3 million was used for cash capital outlay projects, and \$49.6 million financed a three-year debt defeasance plan. Savings from the defeasance plan are \$32 million in FY 99/00, \$10.1 million in FY 00/01, and \$10.3 million in FY 01/02 for a total savings of \$52.4 million.

The FY 98/99 excess available funds totaled only \$9.8 million and were used to fund supplemental spending needs for the year, including \$2.1 million for state match for disaster funds and \$2.2 million for a shortfall in sheriffs' housing of state inmates.

## FY 99/00 Revenues

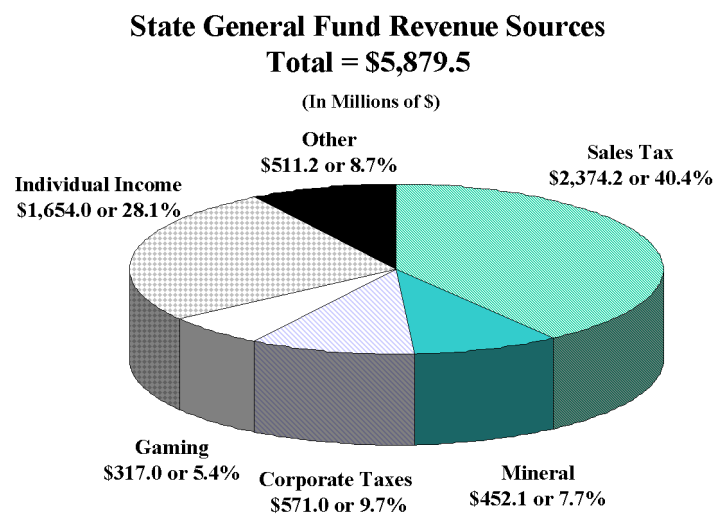
The official revenue forecast for FY 99/00 adopted May 6, 1999 is \$6.125 billion. This forecast includes \$146 million in Tobacco Settlement Revenues (recurring tobacco funds of \$156 million less the existing dedication of \$10 million for the LaCHIP Support Fund) leaving a State General Fund and Lottery revenue amount of \$5.979 billion.

For FY 99/00 State General Fund and Lottery revenue grows by only \$50 million, or 0.9%, compared to FY 98/99. This is the lowest revenue growth of the past four years.

In addition to the \$156 million of recurring Tobacco Settlement Revenues, the Revenue Estimating conference recognized \$43 million of non-recurring revenue from tobacco funds and \$67 million in nonrecurring revenue from Casino proceeds.

For the first time, the Budget Stabilization Fund will have deposits. 25% of the non-recurring revenues from the tobacco settlement and casino revenue plus 25% of the \$94 million FY 97/98 surplus will be deposited, for a total of about \$50 million.

Sales and use taxes continue as the largest source of State General Fund revenue with individual income taxes as the second largest source. Mineral income has declined to less than 8% of total SGF revenue. The pie chart below reflects significant SGF revenue sources.



## Casino Revenues

The Revenue Estimating Conference recognized \$67 million in revenues from the land-based casino scheduled to open in October and designated these revenues as nonrecurring, prohibiting their use in the operating budget. Senate Bill 822 authorized a credit toward the minimum payment to the state for payments on behalf of the Gaming Control Board for the casino support

services contract with the city of New Orleans and to the Compulsive and Problem Gaming Fund. Based on such payments occurring, casino revenues are allocated as follows:

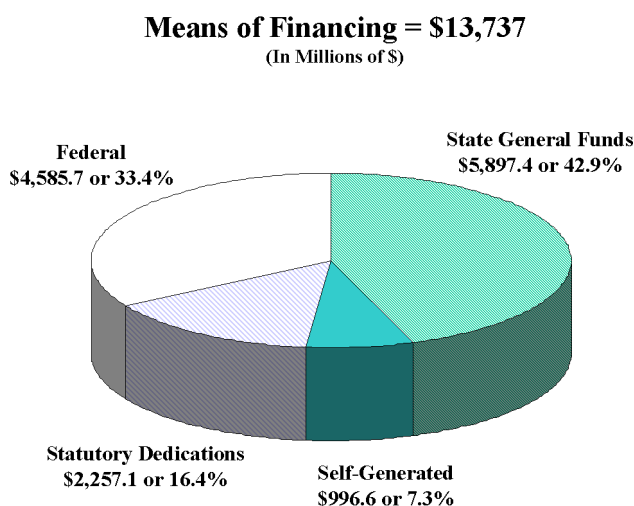
\$ 6.0 million	Support Services Contract
\$ .5 million	Compulsive and Problem Gaming Fund
\$15.1 million	Budget Stabilization Fund (25% of remaining nonrecurring)
\$22.3 million	Capitol Complex Master Plan Fund
\$12.0 million	Higher Education library and scientific equipment (Capital Outlay)
<u>\$ 8.0 million</u>	Parish Transportation Program (Capital Outlay)
\$63.9 million	

### **Tobacco Settlement Proceeds**

The Revenue Estimating Conference recognized a total of \$199 million in tobacco settlement revenues for FY 99/00 of which \$43 million was designated as nonrecurring. \$10.75 million of this nonrecurring amount will be deposited in the Budget Stabilization Fund. The remaining \$188 million of recurring and nonrecurring funds was appropriated, primarily for health and education purposes including capital outlay items. Among the areas funded were Medicaid match (\$88 million), LaCHIP (\$13 million), health care sciences initiatives (\$27 million), other health purposes (\$12 million), education purposes (\$31 million), and smoking cessation activities (\$3 million). For a complete listing of use of tobacco funds, see the Tobacco section of this document.

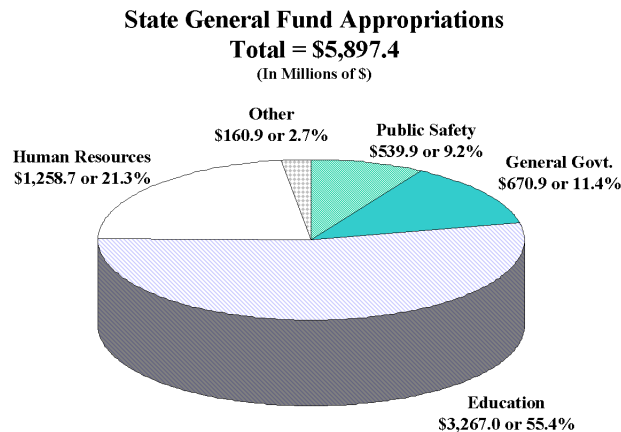
### **FY 99/00 Means of Financing**

The total state budget from all Means of Financing for FY 99/00 is \$13.7 billion of which \$5.9 billion is from the State General Fund, \$997 million is from Fees and Self-Generated Revenues, \$2.3 billion is from Statutory Dedications, and \$4.6 billion is from Federal Funds.



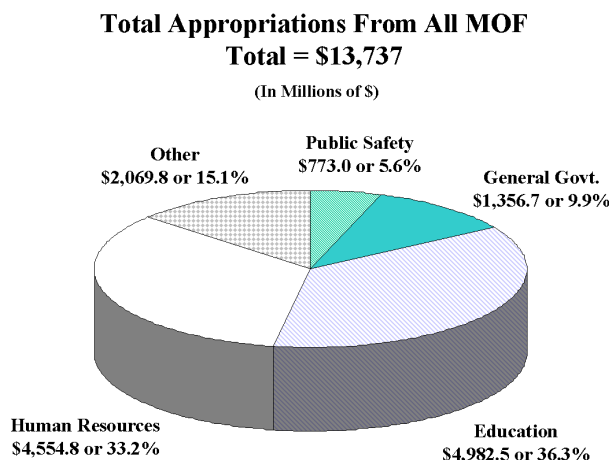
## FY 99/00 Expenditures

The following pie chart displays State General Fund appropriations of \$5.9 billion for FY 99/00 by major functional areas of state government spending (Includes \$20.3 million in 97/98 surplus capital outlay monies not part of the FY 99/00 revenue forecast.).



Of the amount for education, \$2.26 billion is for the Minimum Foundation Program (\$99.2 million more in MFP funding comes from Lottery funds) and \$833 million is for Higher Education. Human Resources funding includes \$819 million in State General Fund as state match for the Medicaid Program which makes up a portion of the total \$1 billion match requirement.

The distribution among functional areas of state government changes when all Means of Financing are included. This is primarily due to inclusion of Medicaid and other Federal funding in Human Resources, Transportation Trust Fund for Capital Outlay in Other, and Self-Generated Revenue from tuition and Federal funding in Education. Total appropriations of \$13.7 billion are distributed as follows (Includes \$20.3 million in 97/98 surplus capital outlay monies not part of the FY 99/00 revenue forecast.):



## **State Debt and Debt Service**

Beginning with the Constitutional debt limit approved in 1993, the Legislature has placed a high priority on reducing outstanding debt and annual debt service. It has aggressively reduced debt service by several advance payoffs and by limiting new debt sales to \$200 million or less per year since 1993-94. Major debt issues paid in advance include the following: the unemployment debt of \$830 million (1993), the Louisiana Recovery District debt of \$254 million (1996) and more than \$850 million of General Obligation principal and interest since 1995.

Total outstanding debt has declined because of these Legislative actions. In January 1993, outstanding principal and interest on tax supported debt totaled \$6.48 billion. At the end of FY 98/99, outstanding principal and interest are only \$2.81 billion. This is a 57% reduction in only five and one-half years.

Annual debt service has also decreased sharply from a high of \$720 million in FY 93/94. With the impact of several advance payments, it will be only \$187 million in FY 99/00. However, it rises to \$302 million in FY 00/01 as the savings from previous defeasance decreases in that year and does not affect later years. As a percentage of revenue, debt service is 4.1% in FY 98/99 and is projected to be 2.6% in FY 99/00. It will increase in FY 00/01 and FY 01/02, but will stay well below the 6% constitutional limit. By comparison, this ratio of debt service to state revenue was 13.1% in 1993.

## **Budget Growth**

Total state spending from all Means of Financing increased from \$13.4 billion in FY 98/99 to \$13.7 billion in FY 99/00, an increase of 2.1%.

Total State General Fund and lottery proceeds spending changed little between FY 98/99 and FY 99/00 growing by only about \$50 million. Growth in spending resulted primarily from use of \$188 million in Tobacco Settlement Revenues and \$42 million in casino proceeds in the budget.

An important factor limiting spending in FY 99/00 is the constitutional requirement that 25% of all nonrecurring revenue be deposited in a Budget Stabilization fund. In FY 99/00, this new fund will receive some \$50 million from the FY 97/98 surplus, casino, and tobacco proceeds designated as nonrecurring by the Revenue Estimating Conference.

---

## CAPITAL OUTLAY

---

Prior to gubernatorial vetoes, HB 2, the capital outlay bill for FY 99/00, contained appropriations from all Means of Financing of \$2,787,306,537. The governor vetoed 22 items or provisions reducing State General Fund (Direct) by \$1,895,000, State General Fund Surplus by \$475,000, General Obligation Bonds Priority 2 by \$1,083,240, Priority 3 by \$931,000, Priority 4 by \$2,956,000, and Priority 5 by \$10,840,000. After considering these vetoes, the total capital outlay program for FY 1999/2000 is \$2,769,129,297. The bill also limits the total amount of general obligation bonds that may be issued to \$562,905,000 (\$162,905,000 carried forward from FY 97/98, \$200,000,000 carried forward from FY 98/99 and \$200,000,000 for FY 99/00).

The following table provides the itemization of the Act by all Means of Financing:

MEANS OF FINANCING	
97/98 Surplus	\$ 20,306,988
General Fund	\$ 11,226,511
Federal Cash	\$ 44,026,264
Federal Cash – TTF	\$ 407,000,000
Transportation Trust Fund	\$ 201,785,000
TIMED Cash	\$ 71,631,000
Other Statutory Dedication	\$ 24,400,000
Self Generated Cash	\$ 65,382,361
Reappropriated Cash	\$ 1,150,786
Capitol Complex Master Fund	\$ 22,333,333
Tobacco Settlement Fund	\$ 39,009,791
Revenue Bonds	\$ 292,076,140
<b>Total Cash and Revenue Bonds</b>	<b>\$1,200,328,174</b>
General Obligation Bonds	
Priority 1	\$ 473,270,000
Priority 2	\$ 243,298,000
Priority 3	\$ 62,170,500
Priority 4	\$ 150,263,500
Priority 5	\$ 617,963,500
<b>Total General Obligation Bonds</b>	<b>\$1,546,965,500</b>
NRP/RBP	\$ 21,835,623
<b>GRAND TOTAL</b>	<b>\$2,769,129,297</b>
NRP is the allocation of previously sold bond proceeds. RBP is the appropriation of prepayments of reimbursement contracts.	

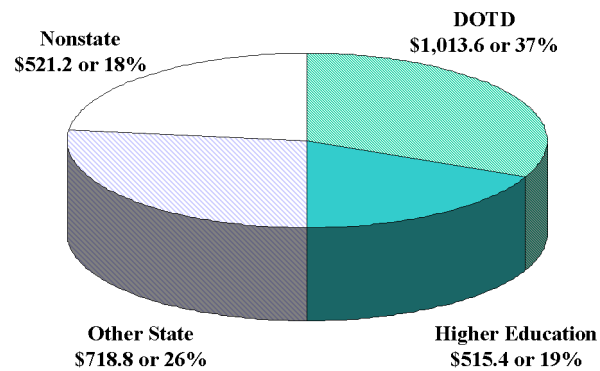
### Capital Outlay Appropriations by Expenditure Category

<b>DOTD</b>	<b>\$1,013,640,608</b>	<b>37%</b>
<b>Higher Education</b>	<b>\$ 515,437,840</b>	<b>19%</b>
<b>Other State</b>	<b>\$ 718,809,720</b>	<b>26%</b>
<b>Nonstate</b>	<b><u>\$ 521,241,129</u></b>	<b><u>18%</u></b>
	<b><u>\$2,769,129,297</u></b>	<b><u>100%</u></b>

*“Other State” includes the Division of Administration, State Parks and Museums, Public Safety and Corrections, DHH and LSU Medical Center Health Care Services Division hospitals, DNR, Legislative, and Judiciary.*

*“Nonstate” includes ports, levee districts, parishes, municipalities and other nonstate entities.*

### Capital Outlay by Expenditure Area (In Millions of \$)



---

## LEGISLATION OF FISCAL INTEREST

---

### REGULAR SESSION, 1999

#### **Income Tax**

Expands the application of the “innocent spouse rule” to include additional instances where an innocent spouse may be relieved of tax liability for an understatement of the tax liability. This change was made to incorporate recent federal changes to the innocent spouse rule (Act No. 203, SB 261).

#### **Tax Administration**

Authorizes the secretary of the Department of Revenue to use alternative dispute resolution procedures to arbitrate tax issues. The secretary can contract, subject to approval by the attorney general, with individuals or organizations to administer such programs. This procedure is not available when the taxes, penalties and interest exceed \$1 million (Act 201, SB 259).

#### **Ad Valorem Tax Exemption**

Constitutional Amendment to extend the authorization for tax exemption contracts for expansion, restoration, improvement of existing structures in a downtown, historical or economic development district to include certain residential structures in Orleans Parish.

To qualify, the structure must be at least 40 years old and must be certified as a blighted. The contract of exemption must be entered into with the Board of Commerce and Industry, approved by the governor, and approved by the local governing authority. The contract is for five years and provides that the property assessment will be based on the value before renovation or restoration during the period of the contract (Act 1400, HB 617).

#### **Ad Valorem Tax/Sales Tax Credit**

Provides that a taxpayer who is entitled to a homestead exemption may waive the exemption and pay the ad valorem tax due based upon the entire amount of assessed value of the property. The taxpayer would then be entitled to a tax credit applicable to the sales and use taxes collected by the tax collector for the parish in which the property is located. The credit shall be the lesser of the total sales and use taxes paid or the amount of ad valorem taxes paid as a result of the waiver (Act 1266, HB 897).

### **Local Sales and Use Taxes**

Increases the limitation on sales and use taxes levied by parishes, school boards, and school districts from a combined tax rate of 4% to 5% (Act 679, SB 986).

### **Education Infrastructure**

Creates a political subdivision of the state to be known as the La. Education Facilities Authority. The authority is comprised of participating parish or city school boards. The authority is created to provide financial assistance to such school boards in the upgrade, rehabilitation, repair, and construction of their infrastructure (Act 1283, HB 1242).

### **Gaming/Land-based Casino**

Provides that the casino operator shall be given credit towards satisfaction of the required minimum payment for any payment made to the parish of Orleans for purpose of satisfying the obligation of the Gaming Control Board under the casino support services contract, not to exceed \$6 million. Further provides for a credit of \$500,000 for a payment to the Compulsive and Problem Gaming Fund. These credit provisions are null and void on June 30, 2000 (Act 1221, SB 822).

Approves the proposed casino support services contract between the Gaming Control Board and the city of New Orleans acting as the governing authority of the parish of Orleans (HCR 323).

### **Atchafalaya Basin Program**

Authorizes the Atchafalaya Basin Program to do certain things including the following:

- (1) Acquire 1500 acres in the Atchafalaya Basin.
- (2) Conduct environmental easement monitoring.
- (3) Enter into certain cooperative endeavors to implement the state master plan including four such agreements with the Corps of Engineers.
- (4) Prepare and submit annual operating and capital outlay budget requests.

Provides for an authorized capital improvement program. Inclusion of additional projects to the program may be made after review, study, and analysis as requested by concurrent resolution of the legislature. State funds for the capital improvement program are estimated to be \$30 million to be appropriated over a nine-year period. Provides for \$55 million of state funds to be expended for operation and maintenance over a 15-year period. Further provides for an estimated 15-year operation and maintenance plan and provides for a proposed allocation between various departments and purposes and provides a schedule of funding (Act 920, HB 1262).

### **Millennium Port**

Authorizes the creation of a political subdivision to be known as the Millennium Port Authority.

Provides for a board of commissioners, made up of 10 members appointed by the governor. The two nonvoting members are the secretary of the Department of Transportation and Development and the secretary of the Department of Economic Development. The eight voting members are as follows:

- (1) One member from the Port of New Orleans
- (2) Two members from Louisiana's other five deepwater ports and Port Fourchon
- (3) One from the Port's Association of Louisiana State University
- (4) Two from the state at large
- (5) One from the local governmental subdivision where the main facility is located
- (6) One from the state at large with 10 years of transportation experience

Authorizes the authority to own, construct, operate, maintain, and lease docks, wharves, and other related facilities. Provides that the jurisdiction of the authority shall not include or extend to the construction of facilities within the jurisdiction of existing port authorities except by mutual agreement of the appropriate existing authority (Act 1225, SB 863).

## LEGISLATION WITH REVENUE IMPACT

The impact of legislation in the 1999 Regular Session which impacts the amount of State General Fund available to support appropriations for FY 99/00 was for the most part accounted for during the budget process. This legislation does have significant impact for the succeeding fiscal years. The following table highlights the most significant of these measures.

Explanation	Impact For Fiscal Year (In Millions)				
	99/00	00/01	01/02	02/03	03/04
<b>Regular Session, 1999</b>					
<b>Revenue Dedications</b>					
Removes the June 30, 2001 sunset of dedication of a portion of the state sales tax on hotel occupancy in East Baton Rouge Parish to the East Baton Rouge Parish Centroplex Fund (Act 233, HB 213)			(\$.8)	(\$.8)	(\$.9)
Provides for additional deposits of mineral revenues into the Wetlands Conservation and Restoration Fund. These additional deposits will be reduced if state revenues from mineral production exceed \$600 million (Act 919, HB 1081)		(\$9.1)	(\$9.1)	(\$9.1)	(\$9.1)
Authorizes use of a portion of gaming revenues from riverboat gaming, video poker, casino gaming, and slot machine gaming at live horse racing racks to support the gaming enforcement activities of the attorney general's office. Use of video poker revenues may result in substantial SGF loss. (Act 543, HB 903)	decrease	decrease	decrease	Decrease	decrease
Phases in an additional dedication of the sales and use tax of the La. Tourism Promotion District. The additional dedication provides for use for out-of-state advertising only and sunsets of this dedication on July 1, 2003. (Act 1025, HB 2086)		(\$.50)	(\$1.00)	(\$1.50)	
<b>Gaming</b>					
Creates a special taxing district in Bossier Parish and authorizes the district to levy a tax of 18.5% on taxable net slot machine proceeds for such gaming conducted at a live horse racing facility in that parish (Act 308, SB 1051)		\$7.8	\$7.8	\$7.8	\$7.8
Creates a special taxing district in St. Landry Parish and authorizes the district to levy a tax of 18.5% on taxable net slot machine proceeds for such gaming conducted at a live horse racing facility in that parish (Act 307, SB 1047)		\$4.9	\$4.9	\$4.9	\$4.9
<b>LIGA Assessments</b>					
Allows member insurers to transfer up to 20% annually of any offset credits against assessments by the Insurance Guaranty Association to an affiliated insurer (Act 1327, HB 2120)	decrease	decrease	decrease	decrease	decrease
<b>Enterprise Zone</b>					
Allows certain businesses located outside an enterprise zone to enter into tax incentive contracts under the enterprise zone tax credit program (Act 977, HB 726)	decrease	decrease	decrease	decrease	decrease

---

## K-12 EDUCATION

---

- **\$81.3 million SGF is appropriated for TOPS for FY 99/00.**

The FY 99/00 budget for the Tuition Opportunity Program for Students is \$81.3 million, a \$22.1 million increase compared with projected expenditures of \$59.2 million for FY 98/99. 34,018 awards are expected to be made in FY 99/00 compared with 25,058 awards in FY 98/99.

- **An increase of \$77 million is provided for the MFP to achieve the four-year goal of full funding.**

The DOE received a \$77 million increase needed for the fourth-year, full-funding amount for the Minimum Foundation Program bringing the total FY 99/00 appropriation to \$2.261 billion. The FY 98/99 MFP expenditures were \$2.184 billion. Included in the FY 99/00 appropriation amount are \$99.2 million of Lottery Proceeds Funds. The MFP resolution adopted by BESE on June 10, 1999 includes two major changes. First, the MFP deleted a provision which required reductions in state funds for school systems that did not provide their local support share as determined in Level 1. Second, the LSU and SU Lab Schools are included in the MFP and will receive increases in state funding of approximately \$440 per student.

Local school systems will also benefit from \$41 million in reductions in operating costs stemming from reductions in employer retirement contributions. First, the Teachers' Retirement employer contribution has been reduced from the present 16.5% to 15.2% which will save an estimated \$27 million in retirement costs. In addition, the availability of an employer credit account will allow local school systems to save approximately \$13.5 million in the La. School Employees Retirement System.

- **A total of \$21.3 million dollars is appropriated for educational accountability initiatives. The components are summarized below.**

### **\$1.0 million in SGF and 9 positions for LEADS**

The La. Educational Accountability Data System was provided an enhancement of \$668,000 and 4 Positions to "provide decision-makers with accurate, meaningful information relative to elementary and secondary efforts within the state ... and ... (clarify) the relationship between and reduce the redundancy of, educational data elements through the integration of Departmental databases and data collection systems."

## **\$8.2 million for LEAP**

The La. Educational Assessment Program received a \$2.5 million State General Fund enhancement for the criterion-referenced testing program bringing the total test budget to \$8.2 million for FY 99/00. All four subject areas (English, Math, Science and Social Studies) will be tested in Grades 4 and 8 in Spring 2000.

## **\$ 1.8 million for School and District Accountability Assistance**

The DOE received an increase of \$300,000 in State General Fund and 2 additional positions to provide training for the Distance Assistance Teams composed of school system personnel and other individuals which will assist low-performing schools in that local school system. This brings total funding for Accountability Assistance to \$1.8 million.

## **\$1.6 million for the Distinguished Educators Program**

An increase of \$1 million in State General Fund brings total available funding for the Distinguished Educators Program to \$1.6 million. Thirteen DEs are planned for FY 99/00. DEs will be paid at 1.35 times their regular salary adjusted for 11-month employment and capped at \$75,000. DEs are highly qualified school personnel who will be assigned to the lowest performing, Academically Unacceptable public school in each of the 8 regions in the pilot years. No DE will be assigned a school in the school district in which she/he is employed. DEs will begin working with assigned schools in August 1999.

## **\$8.7 million for High Stakes Testing Remediation and Summer School Program.**

The Department of Education received \$4,810,000 in new funds for remediation and summer school. With SGF and 8(g) funds, the DOE is proposing to budget \$8.5 million in flow-through funds, \$107,000 for evaluation and \$135,600 for salaries, related benefits, travel to pilot sites and acquisitions.

- **\$896,000 in State General Fund and 5 positions are provided for the School Leadership Program.**

The DOE received \$746,000 SGF to replace statutory dedicated funds and an increase of \$150,000 and 1 position to provide training and professional development for aspiring, new and experienced education leaders in public and nonpublic schools and school systems.

- **\$20 million in State General Fund is provided for the K-3 Reading and Math Initiative.**

The K-3 Reading and Math Initiative received a third year appropriation of \$20 million, bringing the total appropriation for that initiative over the past three years to \$70 million. The preliminary FY 99/00 K-3 per pupil allocation is \$78 or a minimum allocation of \$75,000.

- **\$14 million in Tobacco Settlement Revenues is provided for the Classroom-based Technology Initiative.**

The Classroom-based Technology Initiative received a third year appropriation of \$14 million, bringing the total appropriation for that initiative over the past three years to \$77.2 million. The preliminary FY 99/00 per pupil allocation is \$15. The Classroom-based Technology appropriation is contained in HB 2 (Capital Outlay).

- **\$5.0 million is provided for the Starting Points Pre-School Program.**

The Starting Points program is continued at its FY 98/99 funding and will provide early childhood activities for 1,640 four-year old at-risk pre-school children. Fifty-two public school systems, 2 diocese and 1 charter school participate. 107 teachers and 107 aides are employed.

- **Funding of \$150,000 is provided for the BESE School Finance Commission to study the MFP.**

\$150,000 in State General Fund has been added to BESE's budget in order to plan for revisions to the Minimum Foundation Program. A multimember commission will be appointed and several professional service contracts are to be made in order to develop recommendations for an educational special session of the legislature.

- **\$623,000 in State General Fund is appropriated for Nonlicensee television stations in LETA.**

The Louisiana Educational Television Authority received a \$100,000 increase for WYES bringing the WYES allocation to \$369,910. WLAE will receive \$253,090, no change from its FY 98/99 allocation.

- **LETA received \$1.9 million for transmitter and line replacement, digital conversion costs, and other infrastructure improvements.**

\$1.2 million in Capital Outlay funding was provided for transmission line and/or transmitter replacement for the Shreveport, Monroe, and Lake Charles stations, purchase of a tower and building in Lafayette, and other improvements. \$617,000 in FY 98/99 supplemental appropriations funded costs of digital conversion, storage, and retrieval.

- **BESE 8(g) FUNDS experience a \$4.6 million reduction for FY 99/00.**

BESE 8(g) funds for FY 99/00 total \$32.5 million, a decrease of \$4.6 million compared with FY 98/99.

<b>8(g)</b>	<b>FY 98-99 (millions)</b>	<b>FY 99-00 (millions)</b>	<b>CHANGE (millions)</b>
<b>Revenue Estimate</b>	\$26.4	\$25.6	(\$0.8)
<b>Carryforward Estimate</b>	\$10.7	\$6.9	(\$3.8)
<b>Total Recommended</b>	\$37.1	\$32.5	(\$4.6)

Most 8(g) programs are at their FY 98/99 spending levels with the exception of Superior Textbooks, Library Books and Reference Materials. Those items were budgeted \$2.6 million in FY 98/99 and the FY 99/00 proposed budget is \$1.2 million. The reductions in 8(g) funds were in programs which had one-time funds allocated to them, such as Remediation/Early Intervention for High Stakes Testing which was budgeted \$3 million in FY 98/99 and is budgeted \$1.9 million in FY 99/00. The 4-Year Old Preschool Programs funded with 8(g) funds are budgeted \$6,660,863 for FY 99/00, a \$10,000 increase compared with FY 98/99.

- **\$29.9 million is appropriated for the Professional Improvement Program.**

The PIP appropriation for FY 99/00 is \$29.9 million and is estimated to provide 14,751 public school teachers with an average salary increment of \$1,761. Each PIP participant enrolled in the program between 1980 and 1984 and completed a five year program of professional development. The amount required for this program has gradually declined as participant teachers have retired.

- **\$400,000 in State General Fund is appropriated (in the form of a loan) for the City of Baker School District.**

The City of Baker is seeking to become the 67<sup>th</sup> school district in the state but cannot receive any state funding in the MFP until it has a student enrollment. The Baker School District requested approximately \$1.6 million for start-up costs. Legislation was also passed during this session to authorize creation of a school district for Zachary

- **\$27.9 million in funding is provided for state-approved, nondiscriminatory nonpublic schools.**

The Non-Public Educational Assistance budget totals \$27.9 million and has the following components:

- \$11.2 million Required Services: to reimburse 75% of the requested amount from state approved nonpublic schools
- \$ 5.5 million School Lunch Salary Supplements: to provide a cash salary supplement of \$5,329 for fulltime and \$2,665 for parttime lunch room workers
- \$ 7.6 million Transportation costs
- \$ 3.6 million Textbooks including \$199,979 for textbook administration

- **Funding is provided to create a Special School District No. 2 to serve adjudicated juveniles.**

\$2,858,913 and 99 positions were provided for a new school district that will be responsible for the educational programs for juveniles adjudicated to the state and housed in state-contracted, privately-operated juvenile detention facilities in the event that Senate Bill No. 1068 creating such a district is enacted into law. Funding for the district was provided by accessing existing funds for this purpose from the Department of Public Safety and Corrections (\$1.9 million) and the MFP (\$935,000).

The creation of SSD No. 2 to provide regular and special education programs at state-contracted, privately-operated facilities does not affect the regular education programs at the three state-operated juvenile detention facilities administered by the Department of Public Safety and Corrections and funded in the DPS&C appropriation.

- **\$37 million and 34 positions were transferred from the Department of Education to the new Community and Technical College Board and other agencies in transition to the new governing structure for technical colleges.**

This amount includes \$23 million in Carl Perkins Federal Funds and \$9 million in Pell Grant Federal Funds. 34 positions are transferred from the DOE to higher education as a result of the creation of the Board of Community and Technical Colleges as the new governing structure for community and technical colleges in Louisiana.

- **\$29.5 million in Federal Funds is appropriated for the Class Size Reduction Program.**

Louisiana received a grant of \$29,471,026 in Federal Funds as part of a seven-year, \$12.4 billion proposal to hire 100,000 new teachers nationwide and reduce class size in Grades 1-3 to a national average of 18. For the first year, \$1.2 billion was provided to help local communities hire 30,000 teachers. The FY 99/00 allocations range in size from \$4.6 million in Orleans Parish to \$49,000 in Cameron Parish.

- **\$5 million in Federal Funds is appropriated for the Reading Excellence Program.**

Louisiana received a grant of \$5 million in Federal Funds (\$250,000 for administration and \$4.7 million as flow-through funds) as its share of \$260 million appropriated for the Reading Excellence Act. The local school system grants should improve reading instruction through professional development for teachers, expand family literacy programs, provide early literacy intervention to children experiencing reading difficulties and for supplementary tutoring.

- **\$1.7 million in Federal Funds is appropriated for the Teacher Quality Enhancement Program.**

Louisiana received a grant of \$1.7 million in Federal Funds (\$85,000 for administration) for the Teacher Quality Enhancement Program. That initiative is designed to increase the number of students completing high-quality teacher education and preparation programs and teaching in under-served communities by supporting partnerships to improve teacher preparation that identify and spread best practices in teacher education.

- **\$4.3 million in Federal Funds is appropriated for the Afterschool Snack Option.**

The Afterschool Snack Option Program was added to the National School Lunch Program and the Child and Adult Care Food Program by Congress in 1998. This option is primarily designed to be offered at sites within attendance zones of schools for which 50% or more of their normal school year enrollment are eligible for free or reduced price lunches. The snacks must be served after normal school hours and must be part of some type of educational or enrichment program or activity and the reimbursement rate at sites which meet this criteria is \$0.5325 per snack served.

- **\$7.8 million in increased Federal Funds is available for the Individuals with Disabilities Education Act.**

The IDEA Part B grant increased by \$7,752,018 for flow-through funds for the excess cost of special education and related services to children and youths with disabilities bringing the total IDEA Part B appropriation to \$57 million.

---

## HIGHER EDUCATION

---

- **\$19.5 million is appropriated to the Board of Regents for acquisitions at higher education institutions.**

This continued state's commitment to funding equipment acquisitions at colleges and universities include the following. \$15 million is appropriated for the enhancement of libraries and scientific equipment acquisitions. \$3 million for equipment acquisitions for technical colleges to be based on the Board of Supervisors of Louisiana Community and Technical Colleges (LCTC) recommendations review of program needs at the individual technical college campuses. \$1.5 million for petroleum processing technology equipment to be used to train people as qualified petroleum processing technicians in order to meet the industry demand. The \$1.5 million will be used to build one, or possibly two, labs designed to educate and train future technicians for the petroleum industry. The exact location for the lab(s) is yet to be decided upon by the Board of Regents.

The distribution to individual higher education institutions is shown in Exhibit 1 at the end of this section.

- **\$16.5 million in additional State General Fund is appropriated to fund operational enhancements at higher education institutions.**

Building on the \$14.6 million appropriation for FY 98-99, \$16.5 million is appropriated to the Board of Regents as enhancement funding to be allocated to institutions of higher learning. Funds will be allocated to institutions with two-thirds of the funds based on a pro-rata allocation and one-third based on each institutions funding need as determined by the higher education funding formula. Note that \$500,000 of the enhancement funds will be allocated during the year to institutions that meet the Board of Regents performance criteria. The allocation of these funds to institutions is shown in Exhibit 1 at the end of this section.

- **\$16 million in additional State General Fund is appropriated to the Board of Regents for faculty salary increases at higher education institutions.**

This appropriation is an effort to help raise faculty salaries to the SREB average. According to information from the Board of Regents, this appropriation will lower the need for additional funding to bring Louisiana faculty salaries to the SREB average from \$63.5 million to \$47.5 million. This appropriation represents an average faculty salary increase of 3%; however, the actual salary increases for faculty members will be determined by the management boards and institutions. The allocation of these funds to higher education institutions is shown in Exhibit 1 at the end of this section.

- **\$3.7 million in additional State General Fund is appropriated to the Board of Regents to fully implement the faculty pay plan for vocational-technical colleges.**

This appropriation of \$3,645,505 is to fund the annualization of the vocational technical professional pay plan for unclassified employees that was implemented January 1, 1999. This funding fully implements the pay plan for all vocational-technical institutions.

- **\$15 million in Tobacco Settlement Funds is appropriated to the Board of Regents for research grants related to innovation in health care sciences.**

There are two individual appropriations for research grants in the area of health care sciences. One appropriation is for \$5 million in Tobacco Settlement Funds for a program of research grants in the area of innovation health care sciences that will be available to all Louisiana institutions based on criteria the Board of Regents will develop. Another appropriation of \$10 million in Tobacco Settlement Funds funds a program of research grants and projects in advanced health care sciences to support clinical laboratory research efforts of the LSU Medical Center, Tulane Medical Center, and the Alton Ochsner Medical Foundation. These funds will be used to fund research and to encourage the leveraging of additional funds and will be administered by the Board of Regents through an objective peer review based competitive process. However, of the \$10 million appropriation, \$1 million must be used for cessation and smoking prevention programs.

- **\$10 million in State General Fund is appropriated to the Board of Regents for endowed chairs and professorships at Louisiana colleges and universities.**

As a reflection of Louisiana's prosperous economy, there have been many private financial donations made to colleges and universities for endowed chairs and professorships that require additional state matching funds in addition to that available from the 8(g) fund. In order to maximize these private donations, the state has appropriated \$10 million in State General Fund to the Board of Regents to be allocated to the colleges and universities based on the criteria of the 8(g) endowed chairs and professorships program.

- **\$9.6 million in additional State General Fund and Capital Outlay are appropriated to new community colleges for operations and capitol outlay.**

The state has appropriated a total of \$9,561,765 in funds for the start-up and expansion of the three newest community colleges in the state. Baton Rouge Community College is appropriated \$1,701,765 in additional State General Fund for operations and a total of \$4,450,000 in capital outlay for the planning and renovation of additional space. South Louisiana Community College is appropriated \$1.5 million for capital improvements and acquisitions. Additionally, in anticipation of holding classes in the fall of 1999, River Parishes Community College is appropriated an additional \$910,000 in State General Fund for operations, for a total of \$1,410,000, and an additional \$700,000 in capital outlay for library acquisitions. Additionally, \$300,000 is provided for the community college start-up funding pool for a total of \$1,490,000 to be allocated according to a plan developed by the management boards and approved by the Board of Regents.

- **\$14.3 million is appropriated for life-safety repairs and renovations and for further implementation of the Americans with Disabilities Act.**

Expanding on the state's FY 98-99 appropriations of \$24.75 million for life-safety repairs and renovations, the management boards of LSU, Southern, and University of Louisiana are appropriated \$9,315,000 million specifically for life-safety repairs. Additionally, \$5 million is appropriated to the management boards to further implement the Americans with Disabilities Act at colleges and universities.

- **\$3.2 million in State General Fund is appropriated to the newly created Board of Supervisors for Community and Technical Colleges.**

The Board of Supervisors of Community and Technical Colleges will begin operations July 1, 1999 and will provide management for the community colleges of Delgado, River Parishes, South Louisiana, Bossier Parish, and Elaine P. Nunez. Additionally, the board will provide management oversight over all the public technical colleges as one institution known as the Louisiana Technical College.

- **The funding allocation for all vocational-technical colleges has been placed into one appropriation under the Louisiana Technical College under the Board of Supervisors for the Louisiana Community and Technical Colleges.**

A Senate Finance Committee amendment to the Appropriations Bill re-allocated funding for each vocational-technical college into one sum under the Louisiana Technical College located under the Board of Supervisors for the Louisiana Community and Technical Colleges. Consequently, the newly formed Board of Supervisors of Louisiana Community and Technical Colleges will have the flexibility to re-allocate resources to individual vocational-technical. However, the board will have to report performance for each of the 42 vocational-technical campuses that comprise the Louisiana Technical College.

- **\$1.5 million in State General Fund is appropriated to the Board of Regents for distance learning and a Telemedicine Program for rural health care.**

This appropriation continues the state's effort for distance learning at all of Louisiana public colleges and universities, including some technical colleges. Of these funds, some will be used to develop a telemedicine health care program in the rural areas of the state. However, the actual plan for allocating these funds has yet to be determined by the Board of Regents.

- **\$785,000 in additional State General Fund is appropriated to the Board of Regents for a Truancy Assessment and Service Center Program.**

In accordance with Senate Bill 1008, \$785,000 is appropriated to the Board of Regents for a Truancy Assessment and Service Center Program as a demonstration project in Caddo and Jefferson Parishes. LSU-Baton Rouge shall be responsible for monitoring assessment, and related administrative services and as such will provide notification to the Board of Regents

for the release of funds to approved program fiscal agents. LSU-Baton Rouge will be allocated \$35,000 for expenses related to the administration of the program.

- **A total of \$11.2 million is provided for initiatives linking economic development and higher education.**

**\$2 million in additional State General Fund is appropriated to the Board of Regents for strategic faculty initiatives tied to economic development.** These funds will be awarded by the Board of Regents to fund the research efforts of university researchers according to those research areas identified by the Industrial Targets Advisory Committee as having the best potential for economic development in Louisiana. Some of the research cluster areas include: medical and biomedical, micro-manufacturing, software and telecommunication technologies, environmental technologies, food technologies, and materials design and fabrication.

**\$6.9 million is appropriated to the Board of Regents for the Louisiana Genetics Research Initiative.** The foundation will coordinate genetic research between the LSU Medical Center, Tulane Medical Center, and other research institutes so as to build upon each other's strengths and reduce the amount of potential duplicative research. Also, \$375,000 in State General Fund is provided for operation of the foundation. \$6.5 million in capital outlay funding (Tobacco Settlement Revenues and Priority 5) is provided for the Genetics Research Consortium through the Department of Economic Development.

**\$294,000 in State General Fund is appropriated to the Board of Regents for the Louisiana Economic Development Foundation.** In accordance with Vision 20/20 and other economic development initiatives, \$294,000 is appropriated to the Louisiana Economic Development Foundation to enhance technology transfer at Louisiana colleges and universities. The goal of the foundation is to bring university research products to fruition and consequently to commercialization. The foundation will be available to all institutions wishing to participate although participation will be voluntary.

**\$2 million is appropriated to the Northwest Biomedical Foundation in Shreveport** to help coordinate the education and research efforts of Louisiana colleges and universities located in the northern part of the state in a program called the Consortium of Education, Research and Technology (CERT). The public Louisiana universities involved in the program includes the LSU Medical Center in Shreveport, Grambling State University, Louisiana Tech University, Northwestern Louisiana University, and Northeast State University. \$100,000 in State General Fund is provided in the operating budget for the Foundation. \$1.9 million in capital outlay funding (Tobacco Settlement Revenues) is also provided for the foundation.

**Exhibit 1**  
**Board of Regents**  
**Distribution of Equipment, Faculty Salary and Enhancement Funds**

<b>Institution</b>	<b>Equipment Funds</b>	<b>Faculty Salary Funds</b>	<b>Enhancement Funds</b>	<b>Total Funds</b>
Grambling State University	\$407,003	\$460,540	\$161,037	<b>\$1,028,580</b>
Louisiana Tech University	\$705,992	\$766,623	\$294,512	<b>\$1,767,127</b>
McNeese State University	\$489,107	\$471,712	\$347,821	<b>\$1,308,640</b>
Nicholls State University	\$360,887	\$436,139	\$182,090	<b>\$979,116</b>
Northeast Louisiana University	\$686,463	\$763,011	\$806,465	<b>\$2,255,939</b>
Northwestern State University	\$528,825	\$486,261	\$516,077	<b>\$1,531,163</b>
Southeastern Louisiana University	\$918,763	\$730,086	\$3,832,027	<b>\$5,480,876</b>
University of Southwestern Louisiana	\$1,346,945	\$963,156	\$890,983	<b>\$3,201,084</b>
Univeristy of Louisiana Board of Trustees	\$8,845	\$-	\$-	<b>\$8,845</b>
<b>Total University of Louisiana System</b>	<b>\$5,452,830</b>	<b>\$5,077,528</b>	<b>\$7,031,012</b>	<b>\$17,561,370</b>
LSU-Alexandria	\$91,335	\$102,263	\$33,982	<b>\$227,580</b>
LSU-Baton Rouge	\$3,238,770	\$3,028,150	\$4,158,817	<b>\$10,425,737</b>
LSU-Eunice	\$99,079	\$101,663	\$42,205	<b>\$242,947</b>
LSU-Shreveport	\$231,478	\$244,184	\$193,829	<b>\$669,491</b>
University of New Orleans	\$854,804	\$1,097,714	\$728,675	<b>\$2,681,193</b>
LSU-Agricultural Center	\$ 969,851*	\$964,807	\$788,778	<b>\$1,753,585</b>
LSU-Medical Center	\$2,053,352	\$3,294,971	\$1,315,169	<b>\$6,663,492</b>
LSU-Paul M. Hebert Law Center	\$167,742	\$128,243	\$593,018	<b>\$889,003</b>
Pennington Biomedical Research Center	\$113,611	\$150,499	\$66,855	<b>\$330,965</b>
LSU Board of Supervisors	\$-	\$-	\$-	<b>\$-</b>
<b>Total Louisiana State University System</b>	<b>\$6,850,171</b>	<b>\$9,112,494</b>	<b>\$7,921,328</b>	<b>\$23,883,993</b>
Southern University-Baton Rouge	\$718,974	\$843,233	\$313,915	<b>\$1,876,122</b>
Southern University-New Orleans	\$176,789	\$223,357	\$98,078	<b>\$498,224</b>
Southern University-Shreveport	\$25,796	\$61,322	\$-	<b>\$87,118</b>
Southern University Board of Supervisors	\$-	\$-	\$-	<b>\$-</b>
<b>Total Southern University System</b>	<b>\$921,559</b>	<b>\$1,127,912</b>	<b>\$411,993</b>	<b>\$2,461,464</b>
Baton Rouge Community College	\$53,020	\$43,691	\$27,963	<b>\$124,674</b>
Bossier Parish Community College	\$103,635	\$113,955	\$57,494	<b>\$275,084</b>
Delgado Community College	\$547,835	\$445,359	\$198,134	<b>\$1,191,328</b>
Nunez Community College	\$52,940	\$50,062	\$329,369	<b>\$432,371</b>
River Parishes Community College	\$-	\$-	\$-	<b>\$-</b>
South Louisiana Community College	\$-	\$11,875	\$-	<b>\$11,875</b>
Louisiana Technical College	\$3,000,000	\$3,645,505	\$-	<b>\$6,645,505</b>
Community and Technical College Board of Supervisors	\$-	\$-	\$-	<b>\$-</b>
<b>Total Louisiana Community and Technical College System</b>	<b>\$3,757,430</b>	<b>\$4,310,447</b>	<b>\$612,960</b>	<b>\$8,680,837</b>
Louisiana Universities Marine Consortium (LUMCON)	\$43,269	\$17,124	\$22,707	<b>\$83,100</b>
Board of Regents	\$1,504,890**	\$-	\$500,000	<b>\$500,000</b>
<b>Grand Total</b>	<b>\$19,500,000</b>	<b>\$19,645,505</b>	<b>16,500,000</b>	<b>\$53,170,764</b>

Source: Board of Regents

\*The Board of Regents has retained \$500,000 of the \$16.5 million in enhancement funds for performance incentive funding to be allocated to institutions in FY 99/00.

\* The LSU Agricultural Center will also receive \$500,000 in HB 2 for equipment.

\*\* The Board of Regents is appropriated \$1.5 million for petroleum processing technology equipment acquisitions.

---

## HEALTH AND SOCIAL SERVICES

---

### Medicaid

Even though it included some \$24 million in Tobacco Settlement Revenue, the Executive Budget recommendation for the Medicaid program required DHH to make more than \$150 million in rate or service reductions to be imposed during FY 1999-00. In addition, the Executive Budget relied on \$44.7 million from the New Orleans Casino, which the Revenue Estimating Conference designated as non-recurring revenue. Together, these items would have required Medicaid to cut spending by some \$308 million.

In addressing the Medicaid budget, the Legislature used the following state funds to maintain current programs and reimbursement rates

Tobacco Settlement Revenues	
As proposed by the Governor in Executive Budget	\$23,650,000
Replace Nonrecurring Casino Revenue	\$44,670,000
Addition to maintain private provider payments	\$18,500,000
LSU-HCSD restricted revenues to maintain Uncompensated Care Payments made to the State's Charity Hospitals	\$6,000,000
Revised estimate of DHH Provider Fees available	<u>\$11,900,000</u>
<b>Total of State Funds from Legislative Actions</b>	<b>\$104,720,000</b>
<b>Additional Federal Funds from above actions</b>	<b><u>\$248,220,000</u></b>
<b>Total impact of all new funding sources</b>	<b>\$352,920,000</b>

These actions and the expansions described below provide for a Medicaid Budget totaling \$3,366,040,000. Medicaid Administration costs are an additional \$113,578,000 or 3.25% of total Medicaid costs.

DHH has estimated that this funding level will provide for 99% of its projected expenditures, including the enhancements described below. With the budget cutting authority granted in HB 1, DHH has indicated that it should be able to deal with the remaining 1% (about \$35 million) with actions that will have only minor affects on Medicaid clients or providers.

## **Other Medicaid Actions**

- **Tobacco Settlement Revenue Used for LaCHIP** \$13,177,000

State matching costs for LaCHIP are paid with Tobacco Settlement revenues rather than State General Fund. This action is consistent with the previous dedication of \$10 million from tobacco settlement funds. It is also in keeping with the philosophy of using tobacco settlement revenues to enhance the health of Louisiana's children.

- **Other Tobacco Settlement Revenues Used for Medicaid** \$1,483,000

A small portion of the state match for Medicaid payments to state's public facilities will be paid from Tobacco Settlement revenues.

- **Charity Hospital Collections Used for Medicaid** \$1,200,000

In addition to the LSU/HCSO collections used to help finance its own Uncompensated Care Costs, these hospitals will also contribute \$1.2 million from their restricted accounts for the general Medicaid budget.

- **Protections for Rural Hospitals**

Rural Hospitals have three important protections specified in the Appropriations Act, By specific language prohibition, DHH may not reduce the inpatient rates it pays to rural hospitals during FY 1999-00. The Act also includes additional funds for the full payment of their outpatient costs. Finally, Medicaid must pay these hospitals the state matching funds associated with at least \$5.5 million of Uncompensated Care Costs payments.

- **Mandated Payment Adjustments**

**Dual Eligible payments to hospitals.** DHH is required to make reductions in inpatient Hospital payments for dual eligible clients (clients eligible for Medicare and Medicaid) so the total payment does not exceed normal Medicaid payment amounts. Full payment of Medicare deductibles or copayments often results in a combined Medicare/Medicaid payment to hospitals that exceeds what the state pays for a Medicaid-only client. Hospitals can partially recover these unpaid amounts through bad debt allowances.

**Drug costs paid to chain pharmacies.** Recent surveys indicate that drug acquisition costs for chain pharmacies are below what DHH currently pays. The Appropriations Act requires the Medicaid Program to reduce payments to retail pharmacies with five or more outlets from 89.5% of average wholesale cost to 86.5% of average wholesale cost. Small chains or independent pharmacies reimbursements are not affected by this requirement.

## **Medicaid Expansions**

	<u>State Funds</u>	<u>Total Funds</u>
• <b>800 New MR/DD Waiver slots</b>	\$4,028,000	\$12,980,000

This addition increases the number of slots in this program to 4,251. The total projected cost of the MR/DD waiver program will exceed \$90 million in FY 1999-00. The additional amount includes administration and required monitoring personnel costs. The State match is State General Fund.

• <b>Implementation of "TEFRA" Eligibility Option</b>	\$3,011,000	\$9,783,000
-------------------------------------------------------	-------------	-------------

The TEFRA eligibility option provides Medicaid coverage for seriously disabled children under age 19. The State match is State General Fund.

This is an entitlement program with no limits on the enrollment of qualifying applicants. Coverage is provided without regard to parents' income level if the coverage is cost effective when compared with institutional care. An estimated 3,800 disabled children will get Medicaid Coverage through this option in FY 99/00, and up to 5,000 will enroll by 2002. Projected costs for this group will eventually exceed \$50 million annually.

This eligibility option will substantially increase the assistance provided to disabled children who currently are waiting for MR/DD Waiver slots to become available.

• <b>La. Children's Insurance Program Expansion</b>	\$1,994,000	\$9,494,000
-----------------------------------------------------	-------------	-------------

LaCHIP will expand eligibility to children from families with incomes up to 150% of Federal Poverty Level. For a family of four, this is an income of \$26,062 per year. This expansion extends eligibility to an estimated 14,000 children, of which DHH expects to enroll about 10,000 in FY 99/00. The state match is from Tobacco Settlement Revenues.

• <b>50 New Slots for Elderly Disabled Waiver</b>	\$100,000	\$337,000
---------------------------------------------------	-----------	-----------

This program operates statewide and provides a cost effective alternative to nursing home care. There will be 679 slots in this program in FY 1999-00. The State match is State General Fund.

• <b>Nursing Homes and ICF/MR Inflation</b>	\$7,200,000	\$22,400,000
---------------------------------------------	-------------	--------------

These facilities will receive inflationary adjustments made in accordance with the state Medicaid plan. The State match is increased provider fees paid by nursing homes and ICF/MR homes or state facilities.

### **Office of Public Health**

- **An additional \$6.1 million in Federal funds is provided for HIV/AIDS medications for indigent persons served by the state charity hospital system.**
- **An additional \$3 million in State General Fund from Tobacco Settlement Revenues is provided for smoking prevention and cessation programs.**

This addition brings total funding to the Office of Public Health for smoking reduction programs to \$3,585,595. These programs complement other smoking reduction activities of the Office of Alcohol and Drug Abuse (\$325,000) and Board of Regents (\$1,000,000).

- **\$1,729,089 in Interagency Transfers from the Medical Vendor Program is provided for an expansion of the Maternal and Child Health Home Nurse Visitation Program.**

The program provides for the parenting education of first-time mothers with incomes less than 133% of the Federal Poverty Level. The additional funds will expand the program to 5 regions with 45 nurses.

- **An additional \$1,018,176 in State General Fund from Tobacco Settlement Revenues is provided for school based health services.**

With the exception of \$125,000 allocated to Buckeye Deville Junior High, the additional funds will be distributed through a Request for Proposals process that will open new full-time sites and bring existing part-time sites to full-time status. This enhancement brings total funding for the program, including Federal and private foundation grants, to \$5.1 million.

- **\$700,000 in State General Fund is provided for sickle cell anemia research (\$373,500) and treatment (\$326,500).**

The research monies will go to Tulane University (\$99,500) and LSU Medical Center at New Orleans (\$99,500) and Shreveport (\$174,500). The following treatment providers will receive \$49,500 each: Acadian Sickle Cell Anemia Foundation, Acadian Sickle Cell Anemia Rehabilitation and Education Program, Baton Rouge Sickle Cell Anemia Foundation, Northeast Louisiana Sickle Cell Anemia Foundation, Northwest Louisiana Sickle Cell Anemia Foundation, and Sickle Cell Anemia Research Foundation. Louisiana Association for Sickle Cell Anemia Foundations will get \$29,500.

### **Office of Mental Health**

- **\$3.7 million in State General Fund from Tobacco Settlement Revenues is provided to prevent the closure of 14 community mental health clinics.**

- **\$2 million in State General Fund and 26 positions is provided for Feliciana Forensic Facility to implement a plan to reduce the over 90 day waiting list in parish prisons.**

The additional monies and T.O. are intended to address the concerns of the federal magistrate overseeing the implementation of the *Hamilton v. Morial* decision, which requires the transfer of persons found incompetent to stand trial or not guilty by reason of insanity from Orleans Parish Prison to Feliciana Forensic Facility within 90 days.

- **\$171,420 in Federal Funds is provided for a transitional housing program at Southeast Louisiana Hospital.**

#### **Office of Citizens with Developmental Disabilities**

- **\$7.2 million is provided to address U.S. Department of Justice concerns at Metropolitan (\$932,083), Hammond (\$2,989,455), and Pinecrest (\$3,279,553) Developmental Centers.**

The additions at Hammond and Pinecrest annualize earlier funding increases which came in response to DOJ inspections of conditions at the facilities in January 1995 and February 1997. For FY 98-99, Pinecrest received an additional \$5.5 million and Hammond \$2.5 million principally for direct care staff and medical and professional services contracts. The additional funding to Metropolitan Development Center is provided to prevent 37 layoffs that would have affected the staff to client ratio at that facility.

- **\$321,810 is provided for additional services related to an increase in the level of care and acuity of clients at Ruston Developmental Center.**

#### **Office of Alcohol and Drug Abuse**

- **An additional \$1 million in State General Fund is provided for an expansion of the drug court treatment program.**

There are presently 17 drug courts active statewide, providing a total of 1,800 treatment slots. Roughly half of the slots are funded by State General Fund through OADA and half are funded by a combination of Federal (U.S. Department of Justice) and local funds that flow directly to the courts. The additional state funds bring total funding for the program to \$5.5 million, providing 2,200 treatment slots.

- **\$547,500 in Federal Funds is provided for a 20-bed inpatient substance abuse treatment center in Lafayette to serve the Acadiana region.**
- **An additional \$500,000 in State General Fund is provided for the expansion of a statewide methadone treatment program, an increase from 50 to 192 treatment slots.**
- **\$893,270 in Federal Funds is provided for programs to prevent substance abuse (\$493,274) and reduce underage drinking across the state (\$399,996).**

## **LSU Medical Center - Health Care Services Division**

- **\$10.5 million is provided for the Disease Management Initiative.**

The Initiative will provide medications and consistent medical attention to indigent charity hospital patients with asthma, diabetes or congestive heart failure, and is thereby projected to reduce related acute care costs to the state over the long term. Funding is from Tobacco Settlement Revenues and the Medicaid Program

- **\$1,011,122 in Interagency Transfers from the Medical Vendor Program for medical detoxification units at the HCSD hospitals in New Orleans (20 beds) and Shreveport (5 beds).**

The Office of Alcohol and Drug Abuse will contribute \$300,000 in state funds to the Medical Vendor Program to generate the Federal match needed to fully fund the new detox beds.

- **\$837,440 in Federal Funds is provided for a program to protect the state from enhanced penalties for noncompliance with Medicaid/Medicare rules and regulations.**
- **\$500,000 in State General Fund is provided for operating expenses of the Tumor Registry at LSUMC-New Orleans.**

This addition represents the first funding specifically for the Registry since its transfer to LSU from the Office of Public Health. In previous years its operating expenses have been funded out of the Medical Center's operating budget.

- **\$260,543 in Federal Funds for a 1% increase in House Officer Stipends.** The increase will affect house officers at E.A. Conway, Earl K. Long, Huey P. Long, University, and Leonard J. Chabert Medical Centers and Charity Hospital.

## **Social Services**

- **\$5,019,000 is provided for transfer to the Department of Education to fund the Starting Points early childhood education program.**

The program is targeted to 4-year old children whose parents or guardians are participating in a job training or educational program. Tobacco Settlement Revenues will be used to fund the \$1,489,137 state match.

- **\$2,808,120 (\$598,130 in State General Fund) is provided for the Vocational Rehabilitation Program. This funding allows the agency to draw down all available federal funds allocated to the program to address the increased demand for services.**

In FY 98/99, the program experienced an operating deficit. In spite of several adjustments made to increase program funding and cut costs, services to clients of varying levels of disabilities were halted. New clients were placed on a waiting list, which now has over 2,600 individuals. The budgetary shortfall will likely continue into FY 99/00.

- **\$2.6 million in federal funds is provided to upgrade the disability determinations unit computer system**
- **\$2,143,000 (\$452,000 in State General Fund) is provided annualize the costs of district attorney support enforcement activities which were funded for part of FY 98/99**
- **\$800,000 is provided to fund additional services for the blind.**

Of this amount, \$400,000 is allocated to the Louisiana Center for the Blind at Ruston as matching funds to Louisiana Tech for instructor training, and to fund an educational cooperative endeavor with Louisiana Tech and Tulane University. The remaining \$400,000 is allocated to Affiliated Blind of Lafayette for services to the blind, deaf-blind, visually impaired, and elderly visually impaired.

---

## TRANSPORTATION

---

- **\$7. 9 million is appropriated for 112 additional positions in DOTD to effectively use increased federal funds and implement departmental reorganization**

### **New positions in the Office of Management and Finance - \$184,686**

DOTD will add one new human resources officer to manage the increased workload associated with the individual employee changes brought about by the Departmental reorganization and this year's expansion . It will also add five data processing positions.

### **Five new positions in Water Resources and one new position in Aviation - \$164,500**

With the reorganization of DOTD, highway engineers will no longer do design and other engineering work for water resource projects. This five-position expansion will improve the flood control and ports functions of the program. A clerical position is added in Aviation.

### **100 new positions in the highways program - \$7.6 million**

With the passage of the 1998 federal Transportation Act for the 21<sup>st</sup> Century (TEA-21), Louisiana's share of federal highway revenue increased by \$100 million in FY 98/99 and by another \$54 million for FY 99/00. This represents a 40% increase in two years. To manage this increase in construction funding, DOTD will add 100 employees in the Office of Engineering. These employees are distributed as follows:

<b><u>DOTD Program</u></b>	<b><u>Cost</u></b>	<b><u>Positions</u></b>	<b><u>Purpose/Function</u></b>
Planning & Programming	\$1,310,789	10	Personnel and other costs to plan for increased federal funds for highways, safety and intermodal transportation projects.
Highways	\$3,216,796	40	Design and construction related activities for enhanced federal funding.
District & Operations	\$3,120,079	50	Additional field personnel to implement and supervise expanded construction and maintenance program
<b>Total</b>	<b>\$7,647,664</b>	<b>100</b>	

- **Contract mowing and litter removal increases by \$3.8 million in FY 99/00.**

This will double current spending for litter removal and mowing contracts with local government entities. The remaining increases are in interstate striping activities. Total contract maintenance spending will be \$24,400,000 FY 99/00, a 25% increase over FY 98/99.

- **DOTD will spend \$1,500,000 to hire additional security personnel at interstate rest areas.**

This increased security around the state is in response to problems that have surfaced in the past year. DOTD expects to hire these security officers under contract and not as regular civil service employees.

- **DOTD will spend \$4 million for a recently approved Civil Service pay adjustment of a 10.5% for Mobile Equipment Operator Classes throughout the department.**

A similar increase occurred last year with the approval of a special entry rate for these employees. These increases are needed to reduce excessive turnover resulting from the strong economy.

- **Funding of \$198,000 is provided for participation in a Gulf Coast High Speed Rail Corridor project.**

This cooperative project with other gulf coast states is an effort to determine the feasibility and need for a high-speed rail corridor for passenger trains.

- **Priority Program Spending**

In the major state construction Priority Programs, DOTD will manage some \$672 million in cash capital outlay projects through the Highway Priority Program, the TIME Program, and statewide programs for ports, flood control, and aviation projects. The following table compares spending authority for these programs over the past three years.

**Comparison of DOTD Capital Outlay Program Spending**  
(\$ millions)

	<b>FY 97-98</b>		<b>FY 98-99</b>		<b>FY 99-00</b>	
<b>Overlay Funding</b>						
Transportation Trust Fund	\$	89.0	\$	59.0	\$	77.0
State General Fund	\$	35.0 *	\$	15.0 *	\$	0.0
Federal Funds	\$	30.0	\$	76.0	\$	83.0
<b>Total Overlay Funding</b>	<b>\$</b>	<b>154.0</b>	<b>\$</b>	<b>150.0</b>	<b>\$</b>	<b>160.0</b>

*\*Supplemental Overlay Appropriation at end of 1996-97 and 1997-98, respectively*

**Highway Priority Program**

Transportation Trust Fund (Match)	\$	20.0	\$	51.0	\$	50.0
Federal Funds	\$	222.0	\$	276.0	\$	323.0
Transportation Trust Fund State Projects	\$	23.1	\$	11.1	\$	15.2
Miscellaneous	\$	6.3	\$	9.7	\$	9.7
<b>Total Road Construction</b>	<b>\$</b>	<b>271.4</b>	<b>\$</b>	<b>347.8</b>	<b>\$</b>	<b>397.9</b>

**Other Highway Construction**

TIME Program	\$	67.3	\$	67.3	\$	71.6
Contract Maintenance	\$	20.0	\$	13.4	\$	20.0

**Other Priority Programs**

Flood Control	\$	10.0	\$	0.1	\$	0.1
Ports	\$	24.5	\$	2.0	\$	18.0
Airports	\$	4.1	\$	4.1	\$	4.0

The Port Construction and Development Priority Program will also use cash management to start new projects not to exceed \$24,500,000. Statewide Flood Control Projects will use cash management and prior year fund balances for new project starts not to exceed \$10,000,000. The State Aviation and Airport Improvement Program can start new projects not to exceed \$5,100,000.

---

## MILITARY AND VETERANS AFFAIRS

---

### Military Affairs

- **\$9.5 million in total state and federal funds is appropriated for the operation and maintenance of the Gillis W. Long Hansen's Disease Control Center Carville Complex.**

H.R. 2264 of the 1997 U.S. Congress transferred ownership of Gillis W. Long Hansen's Disease Control Center to the state of Louisiana. In January 1999, the U.S. Dept of Labor announced that the Carville Academy would be a Job Corps Center. This designation will bring some \$18.4 million in federal funds for the construction and renovation of the Carville facility. State officials and private industry are currently working together to determine implementation of the job training program for at-risk youth, as well as the expanded Youth Challenge Program operated by the Governor's Office of Military Affairs.

The "Carville Academy" aids high school dropouts in acquiring life enhancing and employable skills. Participants are aged 16-19 unemployed, drug-free, and free from serious involvement with the legal system. The program consists of a five-month residential training program and twelve-month post-residential mentor phase. In lieu of the \$1,200 stipend normally awarded to program graduates, the combined program would offer the graduate a position in the Job Corp Program (see above). The first class of 200 students began in April 1999. Additional funding for FY 99/00 will allow for two classes a year.

- **The Capital Outlay Bill provides \$18.5 million for various projects statewide.**

These projects are funded by \$500,000 in State General Fund, \$2 million in FY 97/98 surplus, \$2.7 million Federal Funds, and \$13.3 million Priority 1, 2, and 5 Bonds in Priorities 1, 2, and 5 and include:

\$7.6 million - for infrastructure construction and renovations.

\$7.3 million - for maintenance and repairs.

\$3.6 million - for regional hazard mitigation projects.

### Veterans Affairs

- **The Capital Outlay Bill provides \$50.2 million for three new War Veteran's Homes**

The Northwest La. War Veterans Home in Bossier is funded with \$11.2 million in federal funds, \$525,000 in Priority 2 and \$5.5 million in Priority 5 General Obligation Bonds. The Southeast La. War Veterans Home in St. Bernard Parish is funded with \$12.3 million in federal funds, \$385,000 in Priority 2 and \$4.6 million in Priority 5 General Obligation Bonds. The Southwest Louisiana War Veterans Home in Jefferson Davis Parish is funded with \$10.2 million in federal funds, \$430,000 in Priority 2 and \$5.1 million in Priority 5 General Obligation Bonds.

---

## PUBLIC SAFETY AND CORRECTIONS

---

### Corrections Services

- **\$4.5 million in increased funding is provided for prison bed expansion at adult facilities**

Expansions include \$1.3 million for 174 beds at C. Paul Phelps Correctional Center, \$353,000 for the phase-in of 100 beds at Louisiana Correctional Center for Women, \$998,000 for a 64 beds each at Avoyelles, Winn and Allen Correctional Centers, \$158,239 for 44 beds at Elayn Hunt Correctional Center, \$32,061 for 15 beds at Work Training Facility North, \$204,026 for 40 beds at David Wade Correctional Center and \$525,744 for a special needs dorm for the Forcht Wade Facility, and \$922,678 for 108 beds at Washington Correctional Center.

- **Funding of juvenile contract services is increased by \$4.9 million**

Includes \$2.6 million to fully fund 276 beds at the Jena Juvenile Facility, \$1.3 million to renew residential and non-residential contracts which expired 12/31/98, and \$1 million in Title IV-E funds from DSS which will be used for case review, individual service plans and case monitoring of juveniles in contract residential programs.

- **A \$21.4 million increase is provided for Sheriffs' Housing of State Inmates due to increased inmate population**

The projected population of 15,254 inmates for FY 99/00 is an increase of approximately 2,444 over the current year.

- **\$5.6 million is provided to fund a \$1 increase in Sheriffs' Per Diem for housing state inmates (increases total per diem to \$23 per day)**
- **\$5 million in federal funding for the Violent Truth-in-Sentencing grant will be used for construction of new beds and drug testing of inmates**
- **\$433,000 for Year 2 of a 3-year phase-in of teachers' salary adjustments to bring them to the parish average**
- **\$540,000 is appropriated for specific rehabilitation programs**

**\$400,000 is provided for Project Return.** The mission of the program is to reduce crime and violence by breaking the cycles of crime and violence. This is accomplished by maximizing the employability of convicted felons through enhancement of self development, communication skills, job and financial skills development, education, interpersonal and family relationship development, substance abuse education, stress and anger management, advancing their ability to read, write and speak effectively and solve problems at levels of

proficiency necessary to function on the job and in society, and lastly, by providing assistance in job placement. These funds will allow for a reduction in the New Orleans waiting list with potential integration into other areas of the state.

**\$140,625 is appropriated for Life Skills Pre-Release Programs.** Life Skills programs attempt to equip a person to better govern his/her attitudes, habits, condition, motivation, emotional control, anger control, stress management, problem solving, decision making, financial stability, family life cohesiveness, inter-personal communications and other personal attributes which enable a person to have a higher quality of life and avoid anti-social activities. (\$128,625 allocated to the Concordia Parish Correctional Facility and \$12,000 for a pilot program administered by the Life Skills Foundation)

- **\$443,000 is appropriated to establish a mental health unit at the La. State Penitentiary**
- **The Capital Outlay bill provides \$55 million for a variety of projects at correctional facilities.**

These projects are funded by \$6.8 million Federal Funds, \$48.2 million in General Obligation Bonds in Priorities 1,2 and 5 and include:

**\$4.3 million** for dormitory and cellblock planning and construction

**\$14.2 million** for replacement and renovations to educational buildings, infirmary buildings and skilled nursing facilities.

**\$5.6 million** for levee system improvements at Angola.

**\$30.9 million** for mechanical, sewage and water treatment, sanitary renovations, Fire Marshal/Health Department upgrades and kitchen renovations. for miscellaneous repairs and upgrades including electrical, plumbing, mechanical, sewage and water treatment, sanitary renovations, Fire Marshal/Health Department upgrades, and kitchen renovations.

## **Public Safety Services**

- **\$2.6 million funds annualization of pay increases for state police implemented in FY 98/99**

The new pay plan provides for a 3% pay raise each year for 15 years. Entry level cadet positions previously paid \$20,664. With the increase, these positions now pay \$22,044. After one year at State Police, troopers will receive \$25,800 under the new plan. A State Police master trooper's maximum pay has increased from \$36,108 to \$46,296.

- **\$2 million is appropriated for Mobile Data Terminals.**

This is the third year of a \$9.8 million phase-in (\$3.4 million in FY 97/98 and FY 98/99). To date some 200 terminals (MDTs) have been installed in law enforcement vehicles. The additional funding will allow another 159 terminals to be installed. Use of the MDTs by patrol officers and detectives will permit them full access to the Office of Motor Vehicles' vehicle registration and driver's license records, along with stolen vehicle and wanted person checks.

The pilot program has proven to be very successful in identifying wanted subjects and stolen vehicles in an expeditious manner. In the near future all of the Auto Theft Detectives will be equipped with MDTs, which should greatly enhance their apprehension rate.

The second phase of the pilot will permit officers to generate crash reports, traffic tickets, and arrest reports from their MDTs. Once implemented, detailed statistical data ranging from the individual officer's activity to statewide activity will be instantaneously retrievable.

- **\$1.1 million in Riverboat Gaming Enforcement Funds is provided to bring Land-based Casino section into full force**
- **\$1.2 million and 15 positions will implement a Telephone Assistance Center**

Senate Bill No. 110 requires the Office of Motor Vehicles to establish a toll free hotline to be answered by a live person and assist citizens in obtaining driver's license and vehicle registration information.

- **The Capital Outlay bill provides \$60.5 million for the new Public Safety Administrative Complex and the relocation of a State Police Driver Training Facility and Anti-Terrorist Activities Program.**

The relocation, planning and construction of the Administrative Complex are funded with \$55 million in Revenue Bonds. \$5.5 million in Fees and Self-generated Revenues is provided for the relocation, land acquisition, planning and construction of the State Police Driver Training Facility and Anti-Terrorist Activities Program.

---

## ECONOMIC DEVELOPMENT

---

- **The department received a total of \$15,375,000 in State General Fund to support various phases of the cooperative endeavor to construct the U.S. Naval Information Technology Center at the University of New Orleans Research and Technology Park.**

The Center will house the expanded functions of the human resource information systems for the Navy and the Department of Defense. The project will create, by the year 2000, over 1,500 technology-oriented jobs with average salaries ranging from \$40,000 to \$60,000. A breakdown of the distribution of funding for each phase follows:

\$6 million	<b>Phase I</b> for the construction of two buildings. This is year three of a four-year, \$24 million commitment.
\$6.25 million	<b>Phase II</b> for the construction of a third building and a parking garage. This is year two of a four-year, \$25 million commitment.
\$3.125 million	<b>Phase III</b> for the construction of a fourth building. This is the first year of a four-year, \$12.5 million commitment

- **\$7.1 million is appropriated for the retirement of bonds to fund building for the UNO/Avondale Maritime Technology Center of Excellence located on the Avondale campus.**

The technology developed at the Center will be used to support Avondale in the construction of Navy submarine vessels, and will permit UNO to help other shipbuilders enhance their computer design technology to improve ship design and manufacturing efficiency. This funding—year three of a seven-year, \$40 million commitment—represents an increase of \$796,153 over last year's appropriation.

- **A total of \$7 million is allocated for various projects and contracts to support technology-based economic development activities. Specific projects include:**

\$6.5 million in the Capital Outlay bill for the Louisiana Genetics Research Consortium to construct basic science core laboratory facilities in New Orleans and Shreveport. \$4.5 million is financed with Tobacco Settlement Revenues, and the remainder in Priority 5 bonds.

\$350,000 for the Louisiana Partnership for Technology and Innovation, which provides financial and marketing assistance to small technology-based firms as well as connects them with sources of seed and venture capital.

\$100,000 for the Louisiana Business Technology Center at Louisiana State University to support the new statewide, technology-oriented Small Business Development Center.

\$50,000 for the Digital Telecommunications Infrastructure Summit on economic potential of several national high-speed fiber optic networks that are being built across Louisiana.

- **\$5 million is appropriated in the Capital Outlay bill for the Economic Development Award Program (EDAP).**

The source of the funding is \$660,000 from FY 97/98 State General Fund surplus, and \$4.3 million in revenue generated by an arbitrage refund from the Louisiana Public Facilities Authority provided that the revenue is incorporated into the Official Forecast for FY 99/00.

The program assists communities in the location and expansion of industry by providing grants for infrastructure improvements required for such location and expansion. During last session, the program was appropriated \$6.8 million in State General Fund, all but \$825,000 of which was allocated to specific projects. For FY 99/00, \$810,000 of the total appropriation has been allocated to specific projects.

- **The Economically Disadvantaged Business Development (EDBD) Program is enhanced by \$327,383 in State General Fund.**

Three additional positions are funded at \$114,883, and \$212,500 is provided for additional technical assistance contracts with the Small Business Development Centers. The funding will help address the growth in demand experienced since the program's inception in 1996.

- **The Department is provided \$200,000 for costs related to its reengineering. Funds will be used to purchase professional services to study the best way to remodel the department given a new emphasis on technology-based economic development.**

This new emphasis is the result of the completion of Vision 2020 and heightened legislative interest in using universities to help diversify the state's economy. Vision 2020 is the state's Master Plan for Economic Development, which was developed by the Louisiana Economic Development Council. This comprehensive plan, as well as the reengineering study, will provide guidance to the state on how to ensure that its statewide economic development programs promote diversified economic activity.

- **\$1,750,000 is appropriated to fund local economic development efforts, including:**

\$400,000	Metro Regional Business Incubator in Shreveport
\$300,000	Northeast Louisiana economic development activities
\$250,000	Macon Ridge Development Region, Inc. (12 parishes in northeast Louisiana)
\$250,000	Louisiana Center Against Poverty in East Carroll Parish
\$200,000	Port of New Orleans for cultural and economic development
\$150,000	Monroe Downtown Riverfront Development District in Ouachita Parish. An additional
\$500,000	in Capital Outlay funding is allocated to this project
\$100,000	Economic development efforts in northwest and north central Louisiana
\$100,000	Towns of Rayville and Delhi (\$50,000 of which is to be allocated to the Greater Monroe Community Center for Senior Citizens)

---

## TOURISM AND CULTURAL DEVELOPMENT

---

- **\$600,000 is provided for activities associated with the remainder of Francofete.**

Francofete is a yearlong (1999) statewide cultural celebration and tourism effort to commemorate the tricentennial of the establishment of the first permanent colony by the French in the Louisiana territory. The celebration will end during FY 99/00.

- **\$2 million in State General Fund has been appropriated for the Louisiana Library Connection.**

This funding will be used to increase Internet and database access in local libraries by using the existing state fiber-optic network and taking advantage of telecommunications discounts available to libraries.

- **\$1.5 million has been appropriated for state aid to public libraries.**

These funds are targeted for acquisition of computer and telecommunications technologies by local libraries, including further automation of library operations. They may also be used for the acquisition of books, audiovisual materials, newspapers, and periodicals.

- **\$572,374 is provided to the Office of State Parks for various enhancements.**

These funds include: an increase \$155,074 in State General Fund for three to catalog, curate, and display the artifacts of the Poverty Point Indians in a new display; an increase of \$215,300 in State General Fund for wages for additional seasonal help due to the opening of new facilities (Tickfaw State Park, Plaquemine Locks SCA); and an increase of \$202,000 in State General Fund to refurbish existing interpretive programs and exhibits in state museums.

- **An additional \$50,000 in State General Fund has been appropriated for the grant program for small museums bringing the total appropriation to \$350,000.**

This funding provides matching funds for grants to small museums, to be awarded according to rules establishing eligibility standards promulgated by the department.

- **\$150,000 in State General Fund has been appropriated for the Historic Properties Survey and the Cultural Economic Return Enhancement Program.**

These funds will be used to increase the state's inventory of historic buildings directly impacting cultural tourism. These funds will also be utilized to survey historic structures, thus determining if they can be placed on the National Register of Historic Places.

A commitment of over \$75 million was made in capital outlay to address the need for improvements of for state parks, museums, and other tourist related projects. The following is included:

- **\$1.1 million is appropriated for expansion, construction, and equipment for the State Library Building in Baton Rouge.**
- **\$3.6 million is appropriated for a state museum management and storage facility in New Orleans.** Funding is for the purchase, renovation, planning, and construction of such a facility, which will house the numerous items in the state museum collection for which space is no longer available at other museum properties.
- **\$65 million is appropriated for various state parks and commemorative areas.** Funding is for acquisitions, planning, development, and construction and includes: \$8.9 million for Fountainebleau State Park in St. Tammany Parish; \$6.9 million for South Toledo Bend State Park in Sabine Parish; and \$6.5 million for Lake D'Arbonne State Park in Union Parish.
- **\$3 million is appropriated for the Office of Tourism's visitor welcome centers.** Of this amount, \$2.2 million is for the renovation and expansion of welcome centers in the parishes of Caddo, Madison, St. Tammany, Tangipahoa, and West Feliciana and \$850,000 is for planning and construction of an I-49 Welcome Center in Rapides Parish

---

## AGRICULTURE AND FORESTRY

---

- **\$28.7 million in statutory dedications and \$8 million in State General Fund is appropriated for the 2<sup>nd</sup> year of the 5-year Boll Weevil Eradication program.**

Of the \$28 million, \$7.5 million will come from farmers (\$15 fee per acre) and \$21 million will come from a \$50 million loan the department secured from Hibernia Bank. \$8 million in State General Fund is appropriated for payment of debt service on the loan. The new, expanded program will include areas outside of the Red River Eradication Zone. This will allow full eradication of the boll weevil statewide.

- **\$6 million is appropriated for the Formosan Termite Initiative.**

The Formosan Termite Initiative was adopted by the legislature (Senate Bill No. 373) to help manage infestations and halt the rapid spread of the termite, bringing it to a controllable level. The majority of the costs associated with this initiative are for the purchase of termite bait chemicals necessary for quarantine. This is the first year of a five-year program totaling approximately \$57 million.

- **\$3.1 million in Statutory Dedications is appropriated for the Forest Productivity Program**

Through this program, the department will provide grants to landowners for implementing approved practices to increase timber production. This money will also be used for research relating to forest productivity. The program is funded through the dedication of 75% of the state portion of the timber severance tax.

---

## OTHER GENERAL GOVERNMENT

---

### Executive Department

- **\$3 million (Tobacco Settlement Revenues) is provided through the Office of Rural Development for off-system bridges.**

This program will be administered according to the basic guidelines of the rural development grant program. An amount of approximately \$46,875 will be available for each parish. Funds will only be used for repairs that are now closed or are slated for closing by DOTD. Local governments will be required to provide match dollars to qualify (no less than 15% but no more than 50%). Repairs in excess of 30% of the replacement value of the bridge will not be made without approval of the Executive Director of Rural Development and the recommendation of the Secretary of DOTD. DOTD has agreed to provide specification for repairs to local engineers and local governments and to inspect bridges after repairs and provide technical assistance.

- **\$229,000 is appropriated from the Classroom-based Technology fund to create the Computers for Louisiana's Kids Program (CLK pronounced "click")**

Through a partnership with the Louisiana Corporate Recycling Council (LCRC), a statewide program is being implemented. Using models from other states, LCRC will work with school districts and prisons to implement computer training and recycling programs designed to provide students and inmates with marketable job skills. As part of the program, donated computers are tested and repaired or salvaged for recyclable materials. Refurbished computers will be made available to local schools. The broader partnership will address environmental concerns, solid waste disposal issues, and inmate recidivism.

### Division of Administration

- **\$6.1 million is provided for the ISIS Human Resources System**

The design and implementation of the ISIS Human Resources System began in Fiscal Year 1998-1999. The software package has been selected and is being purchased. The DOA has also completed a Request for Proposal to select a business partner to assist the State Project team with the design and implementation phase of the project. Based on an analysis of similar projects in other states that are comparable in size and scope, the DOA estimates that the total contract cost for this phase of the project will be approximately \$12.9 million. This total cost will be spread over three fiscal years as follows

FY 1998-1999	\$ 2,700,000
FY 1999-2000	\$ 6,100,000
FY 2000-2001	<u>\$ 4,100,000</u>
TOTAL	\$12,900,000

---

### *Other General Government*

- **The FY 99/00 Capital Outlay budget for the Division of Administration provides approximately \$102.8 million in funding for renovations and improvements to state office buildings statewide.**

This includes funding for major repairs and renovations, roofing, waterproofing and equipment replacement as well as the following projects

- \$23.3 million - for the Capital Complex acquisitions, demolition sitework, construction and renovations.
- \$ 7.3 million - for hazardous material abatement projects.
- \$10.5 million - for major repairs and equipment replacement for the Technical Colleges Campuses
- \$ 9.1 million - for DOTD Headquarters Building renovations
- \$12.5 million - for replacement of the Insurance Building

### **Election Expense**

- **An increase of \$3.8 million is appropriated for costs associated with the statewide Presidential Preference Primary and other elections.**

In the Department of State, an additional \$510,000 in State General Fund is provided for the printing of ballots and other associated election expenses. This increase will bring the total election expenses in the department to \$2.4 million. This includes the printing of ballots for the statewide gubernatorial general elections and the statewide presidential preference primary election.

In the Department of Elections and Registration a total increase of \$3,311,950 (\$3,061,950 in State General Fund and \$250,000 in Fees and Self Generated Revenue) is provided for a statewide Presidential Preference Primary Election. These funds provide for the payroll of elections commissioners, boards of election supervisors, and registrars of voters and for professional services related to the programming of voting machines before elections, assistance with service during elections, and precinct rentals.

### **Lieutenant Governor**

- **\$1 million in Federal Funds and \$50,000 in State General Fund have been appropriated for a federal America Reads Challenge Grant.**

This grant, awarded to the Louisiana Serve Commission as part of a national initiative to ensure that every child can read well and independently by the end of third grade, will provide for Americorps members to tutor approximately 5,000 students in reading skills statewide. Funding for the grant is to be transferred by the lieutenant governor to the state Department of Education for its administration.

## **Natural Resources**

- **An additional \$2.2 million in State General Fund is provided for the implementation of the master plan developed for the Atchafalaya Basin Program bringing total funding of the program to \$2.7 million.**

These funds will be used as interagency transfers to the Department of Wildlife and Fisheries, Department of Agriculture and Forestry, and State Lands-Office for the implementation of the Atchafalaya Basin Floodway System for public access.

## **Environmental Quality**

- **\$3 million from Tobacco Settlement Revenues has been appropriated to the Municipal Facilities Revolving Loan Fund for construction and rehabilitation of publicly owned wastewater treatment plants.**

Since 1988, the federal government has provided over \$191.5 million in funding for this purpose. An allotment of an additional \$15 million will be made available to the state in October 1999. The Municipal Facilities Revolving Loan Fund provides loans and other financial assistance to municipalities and sewer districts for: planning, design, construction, and rehabilitation of publicly owned wastewater treatment facilities, implementation of pollution management programs, and the development and implementation of estuary conservation and management plans.

- **\$2 million from Tobacco Settlement Revenues has been appropriated to the Drinking Water Revolving Loan Fund.**

Since 1997, the federal government has provided over \$40 million in funding for this purpose. An allotment of an additional \$10 million will be made available to the state in November of 1999. The purpose of the Drinking Water Revolving Loan Fund is to provide financial assistance for the planning, design, construction, and rehabilitation of both publicly and privately owned community water systems and of nonprofit non-community water systems. Such financial assistance is in the form of loans, loan guarantees, or reserve and security for leveraged loans, which will be provided in accordance with a state priority list and plan.

## **Labor**

- **\$47 million in Statutory Dedications is appropriated to the agency of which \$44 million will be used to train incumbent workers, and \$3 million will be used to fund additional administrative costs.**

The funds are generated from a reduction in the Unemployment Insurance Trust fund in accordance with HB 1651. The Workforce Development Training Account, which was previously funded at \$6 million, is increased to \$50 million. Monies are used to provide training to upgrade the skills of current or incumbent workers, allowing them to obtain

higher-paying jobs while opening up entry-level jobs for less skilled workers. The Employment Security Administration Account, previously funded at \$2 million, will now be funded at a maximum of \$5 million. The bill also provides for a 20% reduction in the employer contribution rate and a 20% increase in the unemployment weekly benefit amount as long as the fund balance exceeds \$1.25 billion.

- **\$23,955,384 (\$1,842,722 in State General Fund) for a second Welfare-to-Work grant.** These funds may be expended only upon the approval of the Commissioner of Administration and the Joint Legislative Committee on the Budget.

### **Wildlife and Fisheries**

- **An increase of \$1,000,000 (\$500,000 State General Fund, \$500,000 federal funds) is appropriated for the Aquatic Weed Eradication program for total funding of \$4.1 million.**

Since the inception of an aquatic weed control program in Louisiana, department activities have been directed primarily toward the water hyacinth. More recently, two relatively invasive species, hydrilla and salvinia, have been introduced to the state. The cost of controlling hydrilla, a submersed plant, and salvinia, a floating species, is considerably greater than that required for the control of the water hyacinth.

### **Local Officials**

- **\$373,000 in State General Fund is appropriated for a salary increase for registrars of voters, chief deputy registrars of voters, and confidential assistants.**
- **Sheriffs received a \$12,000 increase in pay.**
- **Clerks of court and assessors received a \$10,000 increase in annual compensation.**

## **TOBACCO SETTLEMENT REVENUES SUMMARY**

---

The state will receive \$4.6 billion over 25 years based on \$160-180 million per year. Payments under the settlement continue in perpetuity. The amount to be received in FY99/00 has been budgeted. A constitutional amendment will be on the ballot this fall to dedicate future revenues.

### **Use in FY 99/00**

- \$199 million in settlement revenues will be received. Except for \$10.75 million deposited to the Budget Stabilization (Rainy Day) Fund, all settlement revenues are budgeted; however, over \$60 million is used for capital outlay or other nonrecurring purposes.
- Use of funds for FY 99/00 is targeted primarily to health care, health care sciences, education, and smoking cessation, in keeping with the proposed dedication for future years.

### **Dedication for FY 00/01 and future years**

- Phases in 75% dedication to Millennium Trust Fund over three years. Only investment earnings on the trust and 25% of proceeds dedicated to the Louisiana Fund will be available for expenditure.
- For the first three years, an additional 10% of revenues will be available for K-12 education.
- Investment earnings are equally divided 1/3 each to TOPS, Health Excellence, and Education Excellence Funds. Initial investment earnings will be small, but will grow to over \$200 million after 25 years.
- Health Excellence Fund is available for LaCHIP; school-based, rural, and primary care clinics; early childhood intervention; health care sciences grants; and disease management.
- Education Excellence Fund must be spent for instructional enhancement, including Pre-K, remediation, and high stakes testing assistance. Spending for capital outlay and pay raises is prohibited. Cannot supplant existing state or local funding. Distributed to private schools (15%), special schools, alternative and charter schools, and K-12 public schools (for seven years, 30% divided equally and 70% based on MFP amount; thereafter, on per pupil basis).
- TOPS Fund appropriations are allowed only for support of TOPS.
- Louisiana Fund (25% of revenues) can be spent for health and education of children (Pre-K; LaCHIP; early intervention; school-based, rural and primary care clinics; assistance to low performing schools), direct health care (limited to 20%), health care sciences grants, disease management, capital outlay for health facilities, cessation, and settlement enforcement.
- Authorizes use of funds to leverage settlement proceeds through revenue bonds or other means. (HCR 359 creates a task force to study such methods to enhance revenue.)

---

## USE OF TOBACCO SETTLEMENT REVENUES IN FISCAL YEAR 1999-2000

---

The Revenue Estimating Conference recognized a total of \$199 million in Tobacco Settlement Revenues for FY 99/00 of which \$43 million was designated as nonrecurring. \$10.75 million of this nonrecurring amount will be deposited in the Budget Stabilization Fund. The remaining \$188 million of recurring and nonrecurring funds was appropriated, primarily for health and education purposes, including over \$60 million for capital outlay and other nonrecurring purposes.

### **Health Care**

- \$88,300,000 - Support of Medicaid program
- \$13,200,000 - Funding of LaCHIP
- \$ 3,700,000 - Funding restoration of mental health clinics
- \$ 1,200,000 - Disease management initiative by LSU Med. Center hospitals
- \$ 3,400,000 - Construction of parish health units

### **Health Care Sciences Initiatives**

- \$ 5,000,000 - LSU Medical Center for cancer research
- \$ 4,900,000 - La. Genetics Research Institute operation and clinic renovations
- \$ 2,000,000 - Biomedical Research Foundation of Northwest La. acquisitions and support
- \$15,000,000 - Health Care Sciences grants administered through Board of Regents

### **At-Risk Children**

- \$ 1,500,000 - Starting Points Preschool Program state match
- \$ 4,200,000 - School-based health clinics continued funding and enhancement

### **Cessation/Enforcement**

- \$ 3,000,000 - Smoking cessation programs
- \$ 330,000 - Attorney General for enforcement of settlement conditions

### **Higher Education**

- \$10,000,000 - Endowed chairs and professorships
- \$ 2,600,000 - Higher education equipment
- \$ 3,300,000 - Technical college equipment

### **Other Items**

- \$ 3,000,000 - Off-system bridges
- \$ 3,000,000 - Municipal Facilities Revolving Loan Fund
- \$ 2,000,000 - Safe Drinking Water Fund
- \$14,000,000 - K-12 Classroom Technology equipment
- \$ 3,000,000 - Louisiana Technology Innovation Fund
- \$ 1,600,000 - Other capital outlay and operating expenditures

---

## DEDICATION OF TOBACCO SETTLEMENT REVENUES BEGINNING IN FISCAL YEAR 2000-2001

---

### **Background**

Under the settlement the state will receive payments from the tobacco industry in perpetuity. \$4.6 billion represents the total projected payments of approximately \$160 -180 million dollars per year for the next 25 years. This is a stream of funding rather than a windfall. For this reason, investment earnings available for appropriation will be modest for several years. The first settlement payment to be received in FY 99-00 has been budgeted for use in that year. The dedications in HB640 and HB1547 will become effective in FY 00-01, if approved by the voters.

**MILLENNIUM TRUST** is a permanent trust fund into which deposits of tobacco settlement proceeds will be phased in over three years as follows :

**45% in FY 00-01**

**60% in FY 01-02**

**75% in FY 02-03 and thereafter**

PLUS: Extra initial payments for K-12 education: In each of the first three years, an additional 10% of settlement monies are deposited into the Trust for credit to the Education Excellence Fund for appropriation for public schools.

Only investment earnings on the Trust can be spent. Up to 35% of monies may be invested in stocks (up to 50% with 2/3 approval of the legislature). All investment earnings are credited, one-third each, to the **Health Excellence Fund**, **Education Excellence Fund**, and **TOPS Fund** within the Millennium Trust.

- **Health Excellence Fund** appropriations are allowed for:

Children's health: LaCHIP, school-based health clinics, rural and primary care clinics, and early intervention programs targeting children from birth to age 4

Health initiatives: Grants for innovation in advanced health care sciences, and provision of comprehensive chronic disease management services

- **Education Excellence Fund** appropriations are as follows:

15% appropriated for allocation to private schools

LA School for the Deaf, LA School for the Visually Impaired, LA School for Math Science & Arts, the LA Special Education Center, the N. O. Center for Creative Arts and the Louis

Armstrong High School for the Arts, each to receive \$75,000 plus a per pupil amount equal to the average per pupil amount paid to public schools.

Authorizes appropriations for charter schools and approved alternative schools, equal to the average per pupil amount paid to public schools.

K-12 public schools: all remaining monies to be appropriated through the Department of Education to each city, parish and other local school system as follows:

During the first seven years -

30% to be divided equally among the systems/schools

70% to be apportioned in the same proportion as MFP funding

*(Note: This K-12 allocation benefits from the extra 10% allocation of settlement proceeds to Trust during the first three years.)*

In FY 07-08 and thereafter -

100% on the basis of an equal per pupil amount to all city, parish & other local school systems

Expenditures restricted to prekindergarten through twelfth grade instructional enhancement, including early childhood education, remedial instruction, and assistance to children who fail high-stakes tests. Prohibits use for maintenance, renovations, capital construction, and salary increases. Cannot supplant other state or local funding.

- **TOPS Fund** appropriations are allowed only for support of TOPS.

**LOUISIANA FUND** will receive the remaining amounts of settlement proceeds as follows: **45% in FY 00/01; 30% in FY 01/02; 15% in FY02/03; and 25% in FY 03/04 and thereafter.**

Appropriations from the Fund are limited to the following specified purposes and the annual appropriation for any one purpose may not exceed fifty percent of the total amount appropriated from the fund in any fiscal year.

- **Initiatives for children through enhancements in education and health care**, to include: LaCHIP; prekindergarten; early intervention programs for children from birth to age 4; school-based health clinics rural, and primary care clinics; and assistance to schools in corrective action under the accountability system.
- **Provision of direct health care for tobacco-related illnesses**
- **Initiatives to benefit the citizens of Louisiana with respect to health care**, to include: Grants for basic and applied research in advanced health care science by LA universities and other medical institutions through a program to be administered by the Board of Regents; comprehensive chronic disease management services, including indigent pharmacy; and capital outlay spending for state health care facilities.

- **Initiatives to diminish tobacco-related injury and death to Louisiana's citizens**, to include: educational efforts in schools; cessation assistance services; promotion of a tobacco-free lifestyle through counter-marketing; and enforcement of settlement agreements by the Attorney General.

**MILLENNIUM LEVERAGE FUND is a special trust fund in the state treasury, to be used in the event revenue bonds are sold to leverage settlement proceeds.**

- With a two-thirds vote of the legislature, provides for deposit of settlement revenues into this fund, of which up to 50% may be invested in stocks.
- With a two-thirds vote of the legislature, provides for issuance of revenue bonds secured by monies in the Leverage Fund in amounts authorized by the legislature.
- Prohibits issuance of general obligation bonds secured by settlement revenues or by monies in the Leverage Fund.
- Bond proceeds may be appropriated as the monies in the Health Excellence, Education Excellence, TOPS, and Louisiana Funds.
- Allows for termination of deposit of settlement revenues into the Leverage Fund pursuant to two-thirds vote of the legislature.

HCR 359 creates the Tobacco Revenue Enhancement Task Force to study and make recommendations to the Legislature prior to the 2000 Regular Session regarding alternative methods to enhance available revenue from tobacco proceeds, both now and for the future.

## **TERM HIGHLIGHTS**

---

**The following are some of the major highlights in state fiscal matters during the 1996-2000 term.**

### **TAX RELIEF**

#### **Inheritance Tax**

- Phased out the inheritance tax. For deaths occurring after June 30, 2004, there will be no tax if a judgment of possession is rendered or a succession is judicially opened within nine months of the death. If not, the tax is 80% of the 1997 tax.

#### **Income Tax/Franchise Tax**

- Provided for a credit against the individual income tax for a person maintaining a household that includes a physically or mentally disabled dependent.
- Provided tax credits for a variety of purposes, including certain recycling equipment, payroll related to filmmaking, and donation of certain historical property.

#### **Sales Tax**

- Reinstated exemptions on one cent of the state sales tax for certain items, primarily food and utilities, saving citizens over \$120 million annually.
- Excluded purchase of automobiles for lease or rental from local sales and use tax in addition to the exclusion from state tax.

#### **Ad Valorem Tax**

- Provided property tax relief to persons aged 65 and older with incomes under \$50,000 by providing that the assessment level on the homestead is the assessed value at the time the person first qualifies. Extends to a surviving spouse aged 55 or older or with a minor child.
- Authorized waiver of property tax liens on blighted property to promote its renovation.

### **PERFORMANCE-BASED BUDGETING**

- Louisiana is in the forefront among a hand-full of states implementing performance-based budgeting practices. The Louisiana Government Performance and Accountability Act of 1997 established a budgeting and planning process which links funding to expected performance targets. Agency progress toward achieving these targets is monitored.
- This initiative included changes in appropriations bills and budget documents to incorporate such “user friendly” features as program descriptions, key objectives, and key indicators.

## **RAINY DAY FUND**

- The Budget Stabilization Fund was created as a rainy day fund for use in times of declining revenues. The fund receives 25% of nonrecurring revenues, mineral revenues in excess of \$750 million annually, monies appropriated by the legislature, and monies in excess of the expenditure limit. The fund is capped at 4% of total state revenues for the previous year.

## **TOBACCO SETTLEMENT**

- The state will receive \$4.6 billion over 25 years under the Tobacco Settlement Agreement in payments of \$160-180 million per year, with payments continuing in perpetuity.
- A proposed constitutional amendment would dedicate 75% to trust with investment earnings divided equally for TOPS, health, and K-12 education. The remainder would be available for health and education initiatives.

## **K-12 EDUCATION**

- The four year goal to fully fund the Minimum Foundation Program has been achieved. Over the past four years state funding for public schools through the MFP has increased by more than \$400 million, a 21% increase. From FY 92/93 to FY 95/96, the increase in state MFP funds had been only \$139 million, an 8% increase.

Included in the MFP increases are \$213 million for teacher pay increases, \$16 million for support worker pay increases, and \$177 million for unrestricted use by school systems.

- TOPS (the Tuition Opportunity Program for Students) has dramatically expanded the state scholarship program. In FY 97/98, the Tuition Assistance Plan (TAP) and La. Honors Scholarship Program provided 7,800 awards at a cost of \$17.5 million. In FY 99/00, TOPS is expected to grant 34,000 awards at a cost of \$81 million.
- Classroom-based Technology funding of \$77 million over the past three years has placed computers in classrooms across the state. The pupil to computer ratio has improved from 88 to 1 in FY 96/97 to approximately 12 to 1 in FY 98/99.
- The K-3 Reading and Math Initiative has allowed professional development for over 10,000 teachers in reading and 4,500 teachers in math. Almost 90,000 low-performing students have engaged in intervention programs to help boost their reading and math skills. Total appropriations over the past three years are \$70 million.
- \$23.5 million was provided during the past four years for Teacher Supplies.
- In 1997 the Legislature enacted the School and District Accountability System aimed at increasing student achievement by establishing clear goals, recognizing effective schools and helping low-performing schools. Funding has been provided to implement the system, including new content standards, more rigorous High Stakes testing, and remediation efforts.

## HIGHER EDUCATION

- \$75 million has been provided for faculty salary increases. Although the goal of raising faculty salaries to the SREB average was reached with increases provided in FY 96/97, the state has again fallen below the average and another \$50 million will be needed to reach it.
- Since FY 97/98, \$40 million has funded acquisition of library and scientific equipment.
- Funding of deferred maintenance needs at colleges and universities has been a priority of the past four years for which \$85 million has been appropriated.
- The Distance Learning initiative has received \$7.5 million in state funding in this term.
- In an effort to raise the formula implementation level of growing universities and provide increased support to all higher education institutions, enhancement funding totaling over \$46 million has been appropriated over the past four years.
- Three new community colleges are now serving the educational needs of Louisiana's citizens with an increased state funding commitment of \$10 million. The Baton Rouge and South Louisiana Community Colleges are now operating and the River Parishes Community College is scheduled to open in Fall of 1999.

## PUBLIC SAFETY AND CORRECTIONS

### Corrections Services

- Over the past four years, substantial additional financial resources have been required to address the growing adult and juvenile prison population.
- State correctional centers have added some 3,200 new beds at a cost of about \$28.3 million.
- The number of state inmates housed in local facilities has increased by 6,000 at an increased cost of \$57.9 million, including an increase from \$21 to \$23 in the per diem paid by the state.
- Efforts have been made to address the serious turnover problem with correctional officers through \$4 million in funding for creation of a new Master Sergeant position as well as a retention pay plan for cadets.

### Public Safety

- 193 additional State Police officers have been added in Traffic Enforcement, Gaming, Narcotics, and Criminal Investigations at a cost of \$11 million.
- State Police troopers were also granted salary increases totaling \$6.1 million and are receiving mobile data terminals at an anticipated cost of \$5.4 million.

## **HEALTH AND SOCIAL SERVICES**

### **Medicaid**

During this legislative term, Medicaid has undergone a transformation when compared to the program in the early 1990's. The major changes during this term include:

- Ending dependence on Federal Disproportionate Share payments to pay the state's share of Medicaid cost. Since FY 97/98, the state has paid its full match rate from state sources.
- Constraining costs of the overall program. In FY 96/97, Medicaid spending totaled \$3.35 billion. For FY 99/00, the total budget is \$3.50 billion, an average yearly growth rate of only about 1.6%.
- Targeted expansions have improved access and service, including additional MR/DD Waiver slots, implementation of Children's Health Insurance (LaCHIP), and instituting disease management programs in the state's charity hospitals. These expansions were possible even with the low growth rate in overall Medicaid spending.

### **Public Health**

- School-based health services were expanded. Funding for the Adolescent School Health Initiative increased from \$3.8 million in FY 96/97 to \$5.1 million for FY 99/00, providing for the operation of more than 50 clinics statewide by the end of next fiscal year.
- The Home Nurse Visitation Program started in FY 98/99 with a budget of \$715,000. Next year, with a budget of \$2.7 million, its 45 nurses will provide parenting education to first-time, low-income mothers in 5 regions across the state.
- Funding for Sickle Cell Anemia programs increased more than threefold since 1996. For FY 99/00, nearly \$1 million is provided for Sickle Cell research, screening, and treatment.
- Funding for HIV/AIDS prevention and care services more than doubled over the four-year period, increasing from \$11.8 million in FY 96/97 to \$24.8 million in FY 99/00.

### **Developmental Disabilities**

- The number of MR/DD waiver slots has been increased by 1,840 to a total of over 4000 slots.
- The Cash Subsidy Program increased from \$1.3 million in FY 96/97 to \$4.6 million in FY 99/00. The additional funds provide monthly payments of \$258 to 1,500 families to help pay for extraordinary expenses related to in-home care of a developmentally disabled relative.

### **Addictive Disorders**

- Compulsive gambling services were enhanced through dedication of gaming revenues. An appropriation of \$450,000 in FY 96/97 initiated a phone help line, outpatient treatment and evaluation services for compulsive gambling disorders. Another \$1.05 million added in FY 99/00 will provide for inpatient treatment, research and prevention programs.

- Funding for drug courts increased roughly tenfold over the four-year term. In FY 96/97, a budget of \$600,000 provided for three courts serving roughly 250 individuals. Next fiscal year, total drug court funding will top \$5.5 million and provide for the operation of 23 courts serving nearly 2,200 people across the state.

### **Charity Hospitals**

- Management of the state charity hospital system was transferred in 1997 from the Louisiana Health Care Authority to the LSU Medical Center - Health Care Services Division, with the intent of improving the quality of care while containing indigent health care costs.
- In FY 98/99 the LSU Medical Center - Health Care Services Division began its Disease Management Initiative with a \$2 million budget. Next fiscal year, total funding for the effort – designed to reduce indigent acute care costs by providing preventative care for certain chronic illnesses – will be \$10.5 million.

## **WELFARE REFORM**

In response to the federal welfare reform law passed in 1996, the legislature has enacted a series of laws to institute compliance measures. These measures have had an impact on spending priorities and have resulted in savings in certain areas. Some specific examples include:

### **Time Limits and Work Requirements**

- The new emphasis on work, and other factors such as a strengthened economy, resulted in an estimated 25% decrease in the number of welfare recipients over the term. This decrease produced substantial savings which were applied to services to decrease welfare dependency, including additional job training, child care assistance, and teen pregnancy prevention.

### **Electronic Benefits Transfer (EBT) system**

- The system, which is used to deliver welfare cash benefits and Food Stamp benefits, was implemented statewide in December 1997 at a total cost of \$4.8 million. EBT has reduced administrative costs and, because each EBT transaction leaves an electronic audit trail, has enhanced the ability to detect and investigate fraud and abuse.

### **Child Support Enforcement**

- Close to \$9 million was spent to automate and consolidate the system in order to improve the efficiency of service delivery to both welfare recipients and non-recipients.

### **Welfare-to-Work Program**

- In FY 98/99, the Department of Labor received its first Welfare-to-Work grant, totaling \$25.7 million, to aid *hard-to-serve* recipients with their transition into the workplace. The department received a second grant totaling \$24 million in FY 99/00.

## **TRANSPORTATION**

During the term, Highway funding and DOTD performance have improved significantly.

- Annual Transportation Trust Fund spending for DOTD and highways has grown from \$338 million in FY 95/96 to \$413 million in FY 99/00, a 31% increase.
- Projects funded through the Highway Priority Program in the past four years include \$605 million for Overlay and \$1.25 billion for Construction. TIME program projects in this four-year period totaled \$293 million.
- DOTD has reorganized and transferred more responsibility to the district offices to improve the rate of project starts. More money for maintenance is also available at the district level.
- By using cash management planning on projects, more port and flood control projects are started each year even though funding has remained relatively stable.

### **Transportation Infrastructure Model for Economic Development (TIME)**

- TIME project expenditure amounts were revised to reflect current cost estimates and DOTD is now required to prioritize remaining TIME projects.
- The 4¢ tax on gasoline and special fuels was extended until all TIME projects are completed and outstanding bonds are paid.

### **Tolls**

- Tolls on the Sunshine Bridge were extended through June 30, 2004. After the bonds are paid, tolls will be reduced and used for operation and maintenance of the bridge and four-laning of a portion of Louisiana Highway 1.
- Tolls on the Greater New Orleans Mississippi River Bridge were extended through December 31, 2012. Tolls for toll tag users and coupon books were reduced to 20¢ per axle. Toll revenues are dedicated to operation and maintenance of the bridges and ferries under the authority of the Crescent City Connection Division, to certain specified bridge projects, and to maximize the state's ability to obtain federal matching funds for such projects.

## **LIMITATION OF STATE LIABILITY**

- Eliminated strict liability unless the damage is caused by an ultrahazardous activity.
- Required that damages for injury, death, or loss be assessed to all persons responsible based on the degree or percentage of fault.
- Changed the limitation in suits against the state and political subdivisions for personal injury or wrongful death from \$750,000 to \$500,000 per person exclusive of property damages, medical care and loss of earnings or support.

## **TOURISM AND CULTURAL DEVELOPMENT**

- In this term a substantial commitment has been made to improve and enhance state parks, museums, and other tourism-related facilities in both the operating and capital budgets.
- The operating budget of State Parks has increased from \$9.1 million in FY 95/96 to \$15.8 million in FY 99/00 and the number of employees has increased from 218 to 316. At least \$65 million in capital improvements are budgeted for state parks.
- Tickfaw State Park opened in May 1999 and other facilities have been incorporated into the state system. A toll-free reservation system has been created.
- Funding dedicated to tourism promotion has been increased from \$12 million to \$16 million annually and, under legislation adopted in 1999, will increase to \$17.5 million by FY 02/03.

## **ECONOMIC DEVELOPMENT**

### **Technology-based Economic Development**

In 1996, the legislature created the Louisiana Economic Development Council to develop a comprehensive strategic plan for economic development emphasizing diversification. The result was Vision 2020, finalized in March 1999, which established the following goals for the State:

- Actively engage in the pursuit of knowledge to improve competitiveness
- Utilize the state's universities in pursuing a technology-based economy
- Achieve a standard of living among the top ten states.

Even before the plan was finalized, the state was already moving towards creating technology-based jobs and industries. For example, since FY 97/98, the legislature has appropriated significant funds for two endeavors projected to create or retain thousands of high-paying jobs.

- Over \$17 million for development of the UNO/Avondale Maritime Technology Center of Excellence
- Over \$33 million for the U.S. Navy Information Technology Center at the UNO Research and Technology Park

New state commitments in FY 99/00 which support the goals of Vision 2020 include funding for genetics and biomedical research, the Louisiana Economic Development Foundation, a summit on the economic potential of digital telecommunications, and reengineering of the Department of Economic Development to ensure promotion of a more diversified economy.

### **Economic Development Award Program (EDAP)**

- Approximately \$25 million has been provided through EDAP grants to local communities for infrastructure improvements to assist the location and expansion of industry, leading to creation of over 3,000 new jobs.

## **WORKFORCE DEVELOPMENT**

The legislature has demonstrated a commitment to investing in the state's human capital by implementing a series of workforce development initiatives throughout the term.

- Starting in FY 96/97, \$6.5 million was provided for the Workforce Development and Training Program in the Department of Economic Development which has awarded 58 grants, with average grant amounts of \$279,000. These grants helped create an estimated 9,000 new jobs and retain an estimated 25,000 jobs.
- In 1997 the Workforce Commission was created to coordinate training programs, including vocational education, job training, and employment services, at a cost of \$600,000. The Department of Labor was reorganized to increase responsiveness and efficiency of service delivery, and institute a new "one-stop shop" mission. The Occupational Information System was also established at a cost of \$1.7 million to assist the Workforce Commission.
- The Incumbent Worker Training Program in the Department of Labor received initial funding of \$6 million in 1997. The first grants were awarded in March 1999. In the 1999 legislative session, an additional \$44 million has been allocated to enhance the program.

## **GENERAL GOVERNMENT**

### **Atchafalaya Basin Master Plan**

- The Atchafalaya Basin Master Plan for preservation and enhancement of natural resources throughout the basin is being implemented with a commitment of \$2.2 million for next year. Over 15 years, the plan calls for \$85 million in state match for \$250 million in federal funds.

### **Off-system Bridge Repair**

- A total of \$7 million was provided through Rural Development to repair off-system bridges.

### **Veterans Homes**

- The Northeast La. War Veteran's Home, a 156 bed facility in Monroe, has been opened. Some \$50 million in federal and state funding is budgeted for the planning and construction of three new War Veteran's Homes in Bossier, St. Bernard and Jefferson Davis Parishes.

### **Carville Academy**

- The state has assumed ownership of the Hansen's Disease Control Center Carville Complex. The facility now houses the Carville Youth Academy which aids high school dropouts in life and employment skills and which will become a Job Corp Training Center, bringing in an additional \$18 million in federal funds for upgrades and repairs to the complex.

### **Coastal Restoration**

- Over the past four years, the state has appropriated \$7.8 million in state general fund for coastal restoration projects to create, restore, enhance, and conserve vegetated coastal wetlands. These funds provide required match for federal funds under the Coastal Wetlands Planning, Protection, and Restoration Act (CWPPRA) and other federal programs.
- Beginning in FY 00/01, the Wetlands Conservation and Restoration Fund will be guaranteed an additional deposit of \$9 million from mineral revenues each year.

### **Supplemental Pay**

- Supplemental pay for municipal police, deputy sheriffs and firemen was increased during the term from a three-tiered pay structure (\$174 to \$260) to a \$300 per month payment, at an increased cost of \$9.4 million.
- Supplemental pay for Justices of the Peace and Constables was raised from \$50 to \$75.

### **Crime Victims/District Attorneys**

- Full funding has been provided for Crime Victims Assistance Coordinators.
- The number of Assistant District Attorneys was increased from 443 to 510.

### **Agriculture**

- The five-year Boll Weevil Eradication Program began in FY 98/99. A commitment of \$8 million per year in state funds will support bank loan financing for a total program of \$96 million, including revenues from a \$15 per acre fee paid by farmers.
- Funding of \$6 million is provided in FY 99/00 for the Formosan Termite Initiative. This is the first year of a five-year program to control and halt the spread of termite.

### **CRISP Consulting Contracts Review**

- The Commission for the Review and Improvement of Services Procurement (CRISP) and its agency review teams completed a comprehensive review of the professional, personal, social service, and consulting contracts of state departments. This review and its resulting legislation will lead to more effective use of state funds and sharing of best practices in service procurement among agencies.